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# Financial Statements Compendium 1999-2000

Part A

Saskatchewan

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**Financial Statements not available at time of printing:**
Liquor and Gaming Authority
Public Trustee for Saskatchewan

# GUIDE TO THE COMPENDIUM

This Compendium is comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations which are accountable to the Treasury Board.

The financial statements are for fiscal periods ending within the Government's fiscal year April 1, 1999 to March 31, 2000.

While many of these entities are required to table their financial statements in the Legislative Assembly as separate reports, this Compendium serves to provide ease of public access to their financial statements.

Financial statements for Crown corporations that are accountable to the Crown Investments Corporation appear in a separate compendium of annual reports compiled by the Crown Investments Corporation.

The Compendium consists of two parts:

Part A - Educational Institutions
Pension and Benefit Plans
Crown Corporations
Trust Funds

Part B - Other Entities
Health Care
Revolving Funds
Agricultural Entities

Each Part includes a complete table of contents for the whole Compendium, as well as a complete alphabetical listing, with page number reference, in an index.

**Internet Address**

The Compendium of Financial Statements is on the Internet at http://www.gov.sk.ca/finance

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**Financial Statements not available at time of printing:**
Liquor and Gaming Authority
Public Trustee for Saskatchewan

## AUDITORS' REPORT

To The Directors
Carlton Trail Regional College

We have audited the statement of financial position of Carlton Trail Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wynyard, Saskatchewan
November 15, 1999

EJC Dudley & Co
Chartered Accountants

Statement 1

# CARLTON TRAIL REGIONAL COLLEGE
## Statement of Financial Position
## as at June 30, 1999

| | 1999 | | | |
|---|---|---|---|---|
| | **Operating** | **Capital** | **Total** | **1998** |
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and Temporary Investments | $333,789 | $ 630,567 | $ 964,356 | $1,101,286 |
| Accounts Receivable (Note 3) | 223,802 | -- | 223,802 | 282,077 |
| Inventories | 7,612 | -- | 7,612 | 7,509 |
| Prepaid Expense | 36,877 | -- | 36,877 | 44,549 |
| | $602,080 | $ 630,567 | $1,232,647 | $1,435,421 |
| **Capital Assets** (Note 4) | -- | 443,894 | 443,894 | 243,831 |
| | $602,080 | $1,074,461 | $1,676,541 | $1,679,252 |
| **LIABILITIES** | | | | |
| **Current Liabilities** | | | | |
| Accounts Payable (Note 6) | $165,279 | $ -- | $ 165,279 | $ 245,991 |
| Deferred Revenue (Note 7) | 238,424 | -- | 238,424 | 333,743 |
| Current Portion of Long Term Debt (Note 8) | -- | 16,935 | 16,935 | 16,161 |
| | $403,703 | $ 16,935 | $ 420,638 | $ 595,895 |
| **Long-Term Debt** (Note 8) | $ -- | $ 5,265 | $ 5,265 | $ 21,412 |
| **FUND BALANCES** | | | | |
| Invested in Capital Assets | $ – | $ 421,694 | $ 421,694 | $ 206,258 |
| Externally restricted (Note 9) | -- | 573,884 | 573,884 | 728,000 |
| Internally restricted as reserves (Note 9) | 95,955 | 56,683 | 152,638 | 92,638 |
| Unrestricted | 102,422 | -- | 102,422 | 35,049 |
| | $198,377 | $1,052,261 | $1,250,638 | $1,061,945 |
| | $602,080 | $1,074,461 | $1,676,541 | $1,679,252 |

**See Accompanying Notes**

**APPROVED BY THE BOARD**

Statement 2

# CARLTON TRAIL REGIONAL COLLEGE
## Statement of Operations
## for the year ended June 30, 1999

| | Operating | | | Capital | | Total | |
|---|---|---|---|---|---|---|---|
| | Budget (Note 10) | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| **Revenues** (Schedule 1) | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | $2,198,378 | $2,697,174 | $2,238,059 | $102,396 | $750,444 | $2,799,570 | $2,988,503 |
| Federal Government | 669,413 | 831,518 | 424,631 | 15,276 | - | 846,794 | 424,631 |
| Other Revenue | 883,439 | 736,159 | 996,477 | -- | -- | 736,159 | 996,477 |
| Total Revenues | $3,751,230 | $4,264,851 | $3,659,167 | $117,672 | $750,444 | $4,382,523 | $4,409,611 |
| **Expenses** (Schedule 2) | | | | | | | |
| Contractual and Professional Services | $1,381,427 | $1,281,746 | $1,333,223 | $ -- | $ -- | $1,281,746 | $1,333,223 |
| Rentals | 310,349 | 247,338 | 306,698 | -- | -- | 247,338 | 306,698 |
| Repairs and Maintenance | 39,624 | 33,707 | 47,617 | -- | -- | 33,707 | 47,617 |
| Amortization | -- | -- | -- | 90,899 | 82,015 | 90,899 | 82,015 |
| Operating Expenses (Schedule 3) | 566,411 | 550,830 | 514,319 | 2,627 | 1,839 | 553,457 | 516,158 |
| Personal Services | 1,453,419 | 1,986,683 | 1,412,183 | -- | - | 1,986,683 | 1,412,183 |
| Total Expenses | $3,751,230 | $4,100,304 | $3,614,040 | $ 93,526 | $ 83,854 | $4,193,830 | $3,697,894 |
| Excess (Deficiency) of Revenue Over Expenses | $ -- | $ 164,547 | $ 45,127 | $ 24,146 | $666,590 | $ 188,693 | $ 711,717 |

**See Accompanying Notes**

Statement 3

# CARLTON TRAIL REGIONAL COLLEGE
## Statement of Change in Fund Balances
## for the year ended June 30, 1999

| | Capital | | | Operating | | | |
|---|---|---|---|---|---|---|---|
| | Invested in Capital Assets | Externally Restricted Assets | Internally Restricted Assets | Internally Restricted Assets | Unrestricted | 1999 | 1998 |
| Balance, beginning of the year | $206,258 | $728,000 | $56,683 | $35,955 | $ 35,049 | $1,061,945 | $ 350,228 |
| Excess (Deficiency) of Revenue Over Expenses | 24,146 | -- | -- | -- | 164,547 | 188,693 | 711,717 |
| Interfund Transfers | 191,290 | ( 154,116) | -- | -- | ( 37,174) | - | - |
| Appropriated to reserves | -- | -- | -- | 60,000 | ( 60,000) | - | - |
| | $421,694 | $573,884 | $56,683 | $95,955 | $102,422 | | |
| Balances, end of year | | $1,052,261 | | | $198,377 | $1,250,638 | $1,061,945 |

**See Accompanying Notes**

Statement 4

## CARLTON TRAIL REGIONAL COLLEGE
### Statement of Cash Flows
### for the year ended June 30, 1999

| | 1999 | 1998 |
|---|---|---|
| **Cash from Operating Activities** | | |
| Excess (Deficiency) of revenue over expenses | $ 188,693 | $ 711,718 |
| Amortization of capital assets | 90,899 | 82,015 |
| Net change in non-cash working capital | ( 110,187) | 223,679 |
| | $ 169,405 | $1,017,412 |
| **Investing Activities** | | |
| Purchase of capital assets | ($ 290,962) | ($ 95,112) |
| Proceeds from disposals of capital assets | -- | – |
| | ($ 290,962) | ($ 95,112) |
| **Financing Activities** | | |
| Repayment of long term debt | ($ 15,373) | ($ 16,161) |
| Increase (decrease) in cash during year | ($ 136,930) | $ 906,139 |
| **Cash and Cash Equivalents at the beginning of the year** | 1,101,286 | 195,147 |
| **Cash and Cash Equivalents at the end of the year** | $ 964,356 | $1,101,286 |
| **Cash and Cash Equivalents defined** | | |
| **Cash on Hand and in Banks** | $ 964,356 | $1,101,286 |

**See Accompanying Notes**

## Schedule 1

### CARLTON TRAIL REGIONAL COLLEGE
Schedule of Operating Fund Revenues by Function
for the year ended June 30, 1999

| | ADMIN. | PROGRAMMING | | | | SUPPORT SERVICES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General Revenue | Community & Individual Development | Adult Basic Education | Vocational Technical | University Credit | Career Services | Student Services | 1999 Total | Budget | 1998 Total |
| **Post-Secondary Education and Skills Training** | | | | | | | | | | |
| Admin Recovery | $ 102,500 | $ -- | $ -- | $ – | $ -- | $ -- | $ -- | $ 102,500 | $ 114,950 | $ 53,988 |
| Base Grant | 812,661 | -- | -- | – | -- | -- | – | 812,661 | 709,100 | 709,100 |
| Outreach Fund | 149,510 | -- | 9,582 | 7,042 | 64,221 | -- | – | 230,355 | 164,818 | 250,077 |
| Program Payments | 72,375 | 13,300 | 292,211 | 950,918 | -- | 64,369 | 69,032 | 1,462,205 | 783,037 | 1,193,609 |
| Other | 5,648 | 71,616 | 12,189 | – | -- | -- | – | 89,453 | 426,473 | 31,285 |
| | $1,142,694 | $ 84,916 | $313,982 | $ 957,960 | $ 64,221 | $ 64,369 | $69,032 | $2,697,174 | $2,198,378 | $2,238,059 |
| **Federal Government** | | | | | | | | | | |
| Admin Recovery | $ 1,554 | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ 1,554 | $ 97,131 | $ 95,828 |
| Seat Purchases | -- | -- | 39,489 | 265,657 | -- | -- | – | 305,146 | 139,580 | 176,416 |
| Projects | -- | 403,156 | 12,176 | – | -- | -- | – | 415,332 | 432,702 | 152,387 |
| Other | -- | -- | 5,000 | 104,486 | -- | -- | – | 109,486 | -- | -- |
| | $ 1,554 | $403,156 | $ 56,665 | $ 370,143 | $ -- | $ -- | $ – | $ 831,518 | $ 669,413 | $ 424,631 |
| **Other** | | | | | | | | | | |
| Admin Recovery | $ 33,480 | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ 33,480 | $ 25,150 | $ 37,062 |
| Contracts | 5,167 | 100 | -- | 5,078 | 99,000 | – | – | 109,345 | 301,272 | 330,153 |
| Interest | 48,903 | -- | -- | -- | -- | -- | – | 48,903 | 21,000 | 21,480 |
| Rents | 70,193 | – | -- | 920 | -- | -- | – | 71,113 | 97,000 | 135,762 |
| Resale Items | -- | 28,116 | 2,071 | 42,208 | 764 | 36 | – | 73,195 | 76,300 | 82,710 |
| Tuitions | -- | 177,281 | 185 | 210,696 | 2,166 | -- | – | 390,328 | 355,612 | 377,560 |
| Other | 3,841 | 164 | 860 | 124 | 4,806 | – | – | 9,795 | 7,105 | 11,750 |
| | $ 161,584 | $205,661 | $ 3,116 | $ 259,026 | $106,736 | $ 36 | $ – | $ 736,159 | $ 883,439 | $ 996,477 |
| **Total Revenue** | $1,305,832 | $693,733 | $373,763 | $1,587,129 | $170,957 | $ 64,405 | $69,032 | $4,264,851 | $3,751,230 | $3,659,167 |
| **Total Expense** (Schedule 2) | 1,348,785 | 627,911 | 389,223 | 1,413,774 | 148,560 | 101,758 | 70,293 | 4,100,304 | 3,751,230 | 3,614,040 |
| **Excess (Deficiency) of Revenue Over Expenses** | ($ 42,953) | $ 65,822 | ($ 15,460) | $ 173,355 | $ 22,397 | ($ 37,353) | ($ 1,261) | $ 164,547 | $ – | $ 45,127 |

**See Accompanying Notes**

Schedule 2

## CARLTON TRAIL REGIONAL COLLEGE
## Schedule of Operating Fund Expenses by Function
## for the year ended June 30, 1999

| | GENERAL ADMINISTRATION | | | PROGRAMMING | | | | SUPPORT SERVICES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Board | Admin. | Organiz. | Comm. & Individual Develop. | Adult Basic Education | Vocational Technical | University Credit | Career Services | Student Services | 1999 Total | Budget | 1998 Total |
| Contractual and Professional Services | $ 1,008 | $ 54,828 | $ 26,775 | $173,164 | $ 55,312 | $ 893,378 | $ 71,245 | $ 5,691 | $ 345 | $1,281,746 | $1,381,427 | $1,333,223 |
| Rentals | 244 | 50,515 | 43,694 | 29,333 | 25,630 | 72,892 | 18,680 | 6,097 | 253 | 247,338 | 310,349 | 306,698 |
| Repairs and Maintenance | -- | 9,493 | 9,382 | 2,657 | 1,745 | 9,412 | 426 | 560 | 32 | 33,707 | 39,624 | 47,617 |
| Operating (Schedule 3) | 36,757 | 109,698 | 89,538 | 103,526 | 48,013 | 135,711 | 15,786 | 11,172 | 629 | 550,830 | 566,411 | 514,319 |
| Personal Services | 29,183 | 317,289 | 570,381 | 319,231 | 258,523 | 302,381 | 42,423 | 78,238 | 69,034 | 1,986,683 | 1,453,419 | 1,412,183 |
| | $67,192 | $541,823 | $739,770 | $627,911 | $389,223 | $1,413,774 | $148,560 | $101,758 | $70,293 | $4,100,304 | $3,751,230 | $3,614,040 |

See Accompanying Notes

Schedule 3

## CARLTON TRAIL REGIONAL COLLEGE
### Schedule of Operating Expenses
### for the year ended June 30, 1999

| | 1999 | 1998 |
|---|---|---|
| **Operating Expenses** | | |
| Advertising | $ 39,712 | $ 44,527 |
| Association Fees and Dues | 8,180 | 9,208 |
| Bad Debts | 3,400 | -- |
| Bank Charges and Interest | 96 | 91 |
| Computer Software | 8,401 | 6,261 |
| Conference and Training Fees | 19,686 | 23,527 |
| Insurance | 6,785 | 8,901 |
| Materials and Supplies | 79,645 | 68,100 |
| Postal, Freight and Courier | 24,532 | 19,223 |
| Printing and Duplicating | 963 | 4,363 |
| Resale Items | 69,462 | 74,090 |
| Subscriptions | 1,521 | 1,193 |
| Telephone and Fax | 66,625 | 71,092 |
| Travel | 104,418 | 83,506 |
| Utilities | 30,109 | 21,900 |
| Other | 21,603 | 10,725 |
| GST | 48,606 | 42,768 |
| Equipment under capitalization amount | 17,086 | 24,844 |
| **Total** | $550,830 | $514,319 |

**See accompanying notes.**

Schedule 4

## CARLTON TRAIL REGIONAL COLLEGE
### Schedule of Reserve Transactions
### for the year ended June 30, 1999

| | Balance beginning of the year | Add: Appropriations from unrestricted net assets | (Add: Interest allocated from unrestricted net assets) | Less: Transfers to unrestricted net assets | Balance, end of the year |
|---|---|---|---|---|---|
| Operating | $35,955 | $60,000 | $ -- | $ -- | $ 95,955 |
| Capital--Future Expenditures | 56,683 | -- | -- | -- | 56,683 |
| **TOTAL** | $92,638 | $60,000 | $ -- | $ -- | $152,638 |

**See Accompanying Notes**

# CARLTON TRAIL REGIONAL COLLEGE
## Notes to the Financial Statements
## for the year ended June 30, 1999

### 1. PURPOSE AND AUTHORITY

The Carlton Trail Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of the Carlton Trail Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

(a) **Fund Accounting**

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital Fund

The capital fund reflects the undepreciated capital assets of the college and the equity of the College in capital assets, after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense. Also included in the capital fund are the appropriations for future capital expenditures.

(b) **Revenue Recognition**

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) **Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following terms, and is reported as an expense in the capital fund:

| | |
|---|---|
| Buildings | 20 years |
| Furniture and Equipment | 3 to 5 years |
| Leasehold Improvements | Term of Lease |

## CARLTON TRAIL REGIONAL COLLEGE
### Notes to the Financial Statements
### for the year ended June 30, 1999

(d) **Inventories**
Inventories are recorded at the lower of cost and net realizable value.

(e) **Investments**
Investments are recorded at the lower of cost and market value.

(f) **Cash and Cash Equivalents** are represented by cash on hand and balances with banks.

### 3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 87,378 | $ 99,653 |
| Federal Government | 54,906 | 36,557 |
| Carlton Trail REDA | – | 64,964 |
| Other | 81,518 | 80,903 |
| | $223,802 | $282,077 |

### 4. CAPITAL ASSETS

| | Cost | Accumulated Amortization | 1999 Net Book Value | 1998 Net Book Value |
|---|---|---|---|---|
| Land | $ 600 | $ -- | $ 600 | $ 600 |
| Buildings | 198,975 | 66,632 | 132,343 | 142,292 |
| Furnishings/Equipment | 681,078 | 605,058 | 76,020 | 100,939 |
| Leasehold Improvements | 287,967 | 53,036 | 234,931 | – |
| | $1,168,620 | $724,726 | $443,894 | $243,831 |

### 5. COMMITMENTS

The College is obligated under the following lease agreements:

(a) Administration Building: A five year lease, expiring June 30, 2001, calls for monthly rental payments of $5,000 plus GST.

(b) Humboldt Collegiate Institute: An annual lease agreement requiring annual payments of $15,000 to operate the Office Education program expired June 30, 1999. Upon the completion of the Humboldt Education Centre in early 2000, a joint-use Operating Agreement currently being negotiated, will require annual maintenance payments estimated to be between $20,000 and $22,000.

(c) Cudworth SCN Site: A three year agreement entered in with the Wakaw School Division #48 effective July 1, 1997 specified a rental of $3,500 per year was terminated as the site was decommissioned.

## CARLTON TRAIL REGIONAL COLLEGE
### Notes to the Financial Statements
### for the year ended June 30, 1999

(d) Watrous facility: An open ended lease (99 years) with Long Lake School Division specifying payment of operating costs only.

(e) Equipment: The College is committed to an annual lease payment of $9,285 plus sales taxes in respect of photocopier equipment. The lease expires February, 2002.

(f) Wynyard Facility: A 10 year lease expiring December 31, 2009 specifying payment of operating costs only.

### 6. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training--Trust Account | $ -- | $ 55,098 |
| Accrued Vacation Pay | 54,177 | 17,672 |
| Payroll and Employee Benefits | 34,262 | 16,053 |
| Trade Payables | 63,970 | 147,549 |
| Provision for Retro Pay | 12,870 | 9,619 |
| | $165,279 | $245,991 |

### 7. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $226,656 | $323,046 |
| Federal Government | 1,043 | – |
| Other | 10,725 | 10,697 |
| | $238,424 | $333,743 |

### 8. LONG TERM DEBT

| | Interest Rate | Annual Repayment Terms | 1999 | 1998 |
|---|---|---|---|---|
| Royal Bank of Canada secured by mortgage on welding shop | Prime + 1% | $18,000 principal & interest | $22,200 | $37,573 |
| Less: Current Portion | | | ( 16,935) | ( 16,161) |
| | | | $ 5,265 | $21,412 |

## CARLTON TRAIL REGIONAL COLLEGE
### Notes to the Financial Statements
### for the year ended June 30, 1999

The interest and principal repayments for the next five years are:

| | Interest | Principal |
|---|---|---|
| 2000 | $1,065 | $16,935 |
| 2001 | 105 | 4,477 |
| 2002 | -- | -- |
| 2003 | -- | -- |
| 2004 | -- | -- |

### 9. RESTRICTIONS ON NET ASSETS

The Board of Directors of Carlton Trail Regional College have placed internal restrictions on $152,638 (1998 - $92,638) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. External restrictions consists of $573,884 (1998 - $728,000) for capital projects in subsequent periods received from Saskatchewan Post-Secondary Education and Skills Training.

### 10.BUDGET AMOUNTS

The budget submitted with the Business Plan was prepared by Regional College management with Board approval given on July 27,1998. Ministerial approval was received June, 1999.

### 11.RELATED PARTY TRANSACTIONS

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown Agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

| | 1999 | 1998 |
|---|---|---|
| Sask Tel Expenses | $ 70,211 | $ 67,640 |
| Sask Power &Energy Expenses | 23,693 | 23,484 |
| SIAST | 490,730 | 572,452 |
| Sask. Property Management | 51,533 | 49,173 |

## CARLTON TRAIL REGIONAL COLLEGE
## Notes to the Financial Statements
## for the year ended June 30, 1999

During the year the College continued a contract with Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $99,000 during the year from SCN for these programs (1998, $99,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

### 12.FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the college's receivables are from the provincial and federal government, therefore, credit risk is minimal.

### 13.PENSIONS

Employees of the college participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to 1999 - $38,023, (1998 - $27,470).

### 14.SASKATCHEWAN CAP YOUTH PROJECT

During the year the College entered into an agreement with Industry Canada to pay wages to employees of the NetCorps Canada Community Access Program Youth Employment Project for the Province of Saskatchewan. The project employs youth in rural communities to ensure that Canadians in remote and rural areas have affordable access to the information highway.

## CARLTON TRAIL REGIONAL COLLEGE
### Notes to the Financial Statements
### for the year ended June 30, 1999

An administration margin of approximately $19,000 was anticipated from the agreement. During the year, wages totalling $269,529 were paid out to 146 employees.

### 15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved. Management has initiated a process to identify areas that may be vulnerable to the impact of the year 2000 issue and to gain assurances from suppliers surrounding compliance.

**Neumann & Neumann**
Chartered Accountants

Board of Directors
Cumberland Regional College
Nipawin, Saskatchewan

## AUDITORS' REPORT

We have audited the statement of financial position of Cumberland Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Neumann & Neumann
Chartered Accountants

Nipawin, Saskatchewan
September 16, 1999

# CUMBERLAND REGIONAL COLLEGE

## STATEMENT OF FINANCIAL POSITION
## AS AT JUNE 30, 1999

Statement 1

| | 1999 | | | |
|---|---|---|---|---|
| | Operating | Capital | Total | 1998 |
| **ASSETS** | | | | |
| Current Assets | | | | |
| Cash and temporary investments | $ 647,593 | $ 647,897 | $1,295,490 | $1,261,988 |
| Accounts Receivable (note 3) | 184,269 | -- | 184,269 | 234,293 |
| Prepaid expenses | 13,561 | -- | 13,561 | 17,234 |
| | 845,423 | 647,897 | 1,493,320 | 1,513,515 |
| Investments (note 4) | 500,000 | -- | 500,000 | 355,000 |
| Capital Assets (note 5) | -- | 1,124,912 | 1,124,912 | 1,196,948 |
| | $1,345,423 | $1,772,809 | $3,118,232 | $3,065,463 |
| **LIABILITIES** | | | | |
| Current Liabilities | | | | |
| Accounts payable (note 7) | $ 117,777 | $ -- | $ 117,777 | $ 108,216 |
| Accrued vacation payable | 73,656 | -- | 73,656 | 48,077 |
| Deferred revenue (note 8) | 418,060 | -- | 418,060 | 430,739 |
| | 609,493 | -- | 609,493 | 587,032 |
| Fund Balances | | | | |
| Invested in capital assets | -- | 1,124,912 | 1,124,912 | 1,196,948 |
| Internally restricted as reserves (note 9) | 561,292 | 647,897 | 1,209,189 | 387,460 |
| Unrestricted | 174,638 | -- | 174,638 | 894,023 |
| | 735,930 | 1,772,809 | 2,508,739 | 2,478,431 |
| | $1,345,423 | $1,772,809 | $3,118,232 | $3,065,463 |

APPROVED ON BEHALF OF THE BOARD

_______________ Director

_______________ Director

See accompanying notes

# CUMBERLAND REGIONAL COLLEGE

## STATEMENT OF OPERATIONS
## FOR THE YEAR ENDED JUNE 30, 1999

Statement 2

| | Operating | | | Capital | | Total | |
|---|---|---|---|---|---|---|---|
| | (Note 11) Budget | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| **Revenues (Schedule 1)** | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | $2,117,035 | $2,325,832 | $2,596,768 | $ -- | $ 85,000 | $2,325,832 | $2,681,768 |
| Federal Government | 36,404 | 133,723 | 293,021 | -- | -- | 133,723 | 293,021 |
| Other Revenue | 491,266 | 797,929 | 696,026 | -- | -- | 797,929 | 696,026 |
| Total revenues | 2,644,705 | 3,257,484 | 3,585,815 | -- | 85,000 | 3,257,484 | 3,670,815 |
| **Expenses (Schedule 2)** | | | | | | | |
| Contractual and Professional Services | 770,596 | 930,201 | 1,182,298 | -- | -- | 930,201 | 1,182,298 |
| Rentals | 150,168 | 158,060 | 150,630 | -- | -- | 158,060 | 150,630 |
| Repairs and Maintenance | 15,427 | 9,844 | 5,200 | -- | -- | 9,844 | 5,200 |
| Amortization | -- | -- | -- | 151,518 | 155,844 | 151,518 | 155,844 |
| Operating Expenses (Schedule 3) | 365,260 | 418,143 | 531,639 | -- | -- | 418,143 | 531,639 |
| Personal Services | 1,308,779 | 1,559,410 | 1,392,889 | -- | -- | 1,559,410 | 1,392,889 |
| Total expenses | 2,610,230 | 3,075,658 | 3,262,656 | 151,518 | 155,844 | 3,227,176 | 3,418,500 |
| **Excess/(deficiency) of revenues over expenses** | $ 34,475 | $ 181,826 | $ 323,159 | $ (151,518) | $ (70,844) | $ 30,308 | $ 252,315 |

See accompanying notes

## CUMBERLAND REGIONAL COLLEGE

## STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 1999

Statement 3

| | Invested in capital assets | Internally restricted assets | Unre- stricted assets | 1999 | 1998 |
|---|---|---|---|---|---|
| alance, beginning of the year | $1,196,948 | $ 387,460 | $ 894,023 | $2,478,431 | $2,226,116 |
| xcess/(deficiency) of revenue over expenses | (151,518) | -- | 181,826 | 30,308 | 252,315 |
| nvestment in capital assets | 79,482 | -- | (79,482) | -- | -- |
| et appropriation to reserves | -- | 821,729 | (821,729) | -- | -- |
| | $1,124,912 | $1,209,189 | $ 174,638 | $2,508,739 | $2,478,431 |

See accompanying notes

## CUMBERLAND REGIONAL COLLEGE

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 1999

Statement 4

| | 1999 | 1998 |
|---|---|---|
| **CASH PROVIDED BY (USED IN):** | | |
| Operating Activities | | |
| Excess/deficiency of revenue over expenses | $ 181,826 | $ 323,159 |
| Net change in non-cash working capital (note 10) | 76,158 | (20,088) |
| | 257,984 | 303,071 |
| Investing Activities | | |
| Purchase of capital assets | (79,482) | (123,819) |
| Increase in investments | (145,000) | -- |
| | (224,482) | (123,819) |
| Financing Activities | | |
| Capital contributions received | -- | 85,000 |
| **Increase in cash during year** | 33,502 | 264,252 |
| Cash, beginning of year | 1,261,988 | 997,736 |
| **Cash, end of year** | $1,295,490 | $1,261,988 |

See accompanying notes

# CUMBERLAND REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999

### 1. PURPOSE AND AUTHORITY

The Cumberland Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*.

The Board of the Cumberland Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The accepted accounting principles and include the following significant policies:

(a) Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating Fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital Fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

(b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

CUMBERLAND REGIONAL COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

## 2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Revenue recognition cont'd

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Buildings | 5% |
| Leasehold improvements | 5% |
| Furniture and equipment | 10% to 33% |
| Vehicles | 20% |

(d) Investments

Investments are recorded at the lower of cost and market value.

## 3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $123,661 | $192,150 |
| SIAST | 4,257 | 10,207 |
| Federal government | 5,578 | 3,106 |
| Other | 50,773 | 28,830 |
| | $184,269 | $234,293 |

# CUMBERLAND REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999

### 4. INVESTMENTS

Investments consist of:

| | Interest Rate | Maturity Date | 1999 | 1998 |
|---|---|---|---|---|
| SaskTel Bond | 6.50% | March, 1999 | $ -- | $ 5,000 |
| Sask Savings Bond | 8.00% | July, 1999 | -- | 100,000 |
| Sask Savings Bond | 6.75% | July, 2000 | 100,000 | 100,000 |
| Sask Savings Bond | 5.50% | July, 2001 | 150,000 | 150,000 |
| Sask Savings Bond | 5.00% | July, 2003 | 250,000 | -- |
| | | | $500,000 | $355,000 |

### 5. CAPITAL ASSETS

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | $ 973,612 | $ 145,087 | $ 828,525 | $ 867,221 |
| Leasehold improvements | 222,383 | 40,429 | 181,954 | 188,180 |
| Furnishings/ equipment | 354,641 | 244,905 | 109,736 | 132,153 |
| Vehicles | 23,486 | 18,789 | 4,697 | 9,394 |
| | $1,574,122 | $ 449,210 | $1,124,912 | $1,196,948 |

### 6. LEASE OBLIGATIONS

The College is committed under term leases for office space at the following minimum amounts over the next five years (exclusive of proportionate increases and additional occupancy costs):

| | |
|---|---|
| 2000 | $16,248 |

## CUMBERLAND REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999

### 7. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Province of Saskatchewan - Other | $ 26,543 | $ 3,355 |
| Federal government | 41,107 | 50,259 |
| Other | 50,127 | 54,602 |
| | $117,777 | $108,216 |

### 8. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $411,843 | $430,739 |
| Federal Government | 3,635 | -- |
| Other | 2,582 | -- |
| | $418,060 | $430,739 |

### 9. RESTRICTIONS ON NET ASSETS

The Board of Directors of Cumberland Regional College has placed internal restrictions on $1,209,189 (1998 - $387,460) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. A separate schedule details the internal restrictions and the individual amounts under each restriction.

### 10. NET CHANGE IN NON-CASH WORKING CAPITAL

| | 1999 | 1998 |
|---|---|---|
| Accounts receivable | $ 50,024 | $(97,912) |
| Prepaid expenses | 3,673 | (4,665) |
| Accounts payable and accrued vacation payable | 35,140 | 45,838 |
| Deferred revenue | (12,679) | 36,651 |
| Net increase (decrease) in cash | $ 76,158 | $(20,088) |

## CUMBERLAND REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999

### 11. BUDGET AMOUNTS

The budget was prepared by regional college management with Board approval given on October 27, 1998.

### 12. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at agreed rates with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

| | 1999 | 1998 |
|---|---|---|
| SaskTel expenses | $ 50,768 | $ 58,311 |
| Sask Property Management Corp. expenses | 39,703 | 34,530 |
| SaskPower expenses | -- | 648 |
| | $ 90,471 | $ 93,489 |

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

### 13. FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

The fair value of investments is considered to approximate market value which is $500,000 (1998 - $355,000).

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

## CUMBERLAND REGIONAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999

### 14. PENSIONS

Employees of the college participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) or the Saskatchewan Teachers Retirement Plan (STRP) which are administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the required employer contributions of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $31,868 (1998 - $27,542).

### 15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

# CUMBERLAND REGIONAL COLLEGE
## SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
## FOR THE YEAR ENDED JUNE 30, 1999

Schedule 1

| | Administration | Programming | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Revenue | Community & Individual Development | Basic Education | Vocational Technical | University Credit | Career Services | 1999 Total | Budget | 1998 |
| **Post-Secondary Education and Skills Training** | | | | | | | | | |
| Admin Recovery | $ 59,196 | $ -- | $ 23,208 | $ 29,226 | $ 13,193 | $ 2,441 | $ 127,264 | $ 133,206 | $ 145,757 |
| Base Grant | 659,049 | -- | -- | -- | -- | -- | 659,049 | 562,300 | 562,301 |
| Outreach Fund | -- | -- | -- | -- | 137,636 | -- | 137,636 | 135,747 | 171,569 |
| Program Payments | -- | 5,429 | 484,409 | 647,134 | -- | 113,521 | 1,250,493 | 1,182,307 | 1,216,069 |
| Other | 150,702 | -- | -- | -- | -- | 688 | 151,390 | 103,475 | 501,072 |
| | 868,947 | 5,429 | 507,617 | 676,360 | 150,829 | 116,650 | 2,325,832 | 2,117,035 | 2,596,768 |
| **Federal Government** | | | | | | | | | |
| Admin Recovery | -- | -- | 2,739 | 11,336 | -- | -- | 14,075 | 1,138 | 35,965 |
| Seat Purchases | -- | -- | -- | 23,123 | -- | -- | 23,123 | -- | 41,565 |
| Projects | -- | -- | 14,787 | 74,438 | -- | -- | 89,225 | 4,928 | 196,767 |
| Other | 7,300 | -- | -- | -- | -- | -- | 7,300 | 30,338 | 18,724 |
| | 7,300 | -- | 17,526 | 108,897 | -- | -- | 133,723 | 36,404 | 293,021 |
| **Other** | | | | | | | | | |
| Admin Recovery | -- | -- | 3,484 | 17,664 | 9,250 | -- | 30,398 | 10,269 | 17,923 |
| Contracts | 8,000 | 49,531 | 47,400 | 140,122 | 84,754 | -- | 329,807 | 114,809 | 245,916 |
| Interest | 98,343 | -- | -- | -- | -- | -- | 98,343 | 70,000 | 80,568 |
| Rents | 7,296 | -- | -- | -- | -- | -- | 7,296 | -- | 10,571 |
| Resale Items | 1,321 | 19,746 | -- | 25,834 | 40,592 | 154 | 87,647 | 46,360 | 92,921 |
| Tuitions | -- | 109,720 | -- | 92,042 | -- | -- | 201,762 | 195,098 | 218,896 |
| Other | 5,986 | -- | 19,199 | (30) | 5,229 | 12,292 | 42,676 | 54,730 | 29,231 |
| | 120,946 | 178,997 | 70,083 | 275,632 | 139,825 | 12,446 | 797,929 | 491,266 | 696,026 |
| Total Revenue | 997,193 | 184,426 | 595,226 | 1,060,889 | 290,654 | 129,096 | 3,257,484 | 2,644,705 | 3,585,815 |
| Total Expense (Schedule 2) | 907,950 | 143,672 | 457,611 | 885,678 | 219,045 | 461,702 | 3,075,658 | 2,610,230 | 3,262,656 |
| Excess/(deficiency) of revenue over expenses | $ 89,243 | $ 40,754 | $137,615 | $ 175,211 | $ 71,609 | $(332,606) | $ 181,826 | $ 34,475 | $ 323,159 |

# CUMBERLAND REGIONAL COLLEGE
# SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
# FOR THE YEAR ENDED JUNE 30, 1999

Schedule 2

| | General Administration | | | Programming | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Board | Administrative | Organizational | Community & Individual Development | Adult Basic Education | Vocational Technical | University Credit | Career Services | 1999 Total | Budget | 1998 |
| Contractual and Professional Services | $ -- | $ 8,872 | $ 7,013 | $ 80,642 | $ 89,826 | $673,714 | $ 47,803 | $ 22,331 | $ 930,201 | $ 770,596 | $1,182,298 |
| Rentals | -- | 10,984 | 40,243 | 6,257 | 7,559 | 33,918 | 2,633 | 56,466 | 158,060 | 150,168 | 150,630 |
| Repairs and Maintenance | -- | -- | 9,733 | -- | -- | -- | 111 | -- | 9,844 | 15,427 | 5,200 |
| Operating (Schedule 3) | 24,050 | 35,348 | 140,275 | 53,909 | 32,931 | 42,849 | 56,086 | 32,695 | 418,143 | 365,260 | 531,639 |
| Personal Services | 19,253 | 240,660 | 371,519 | 2,864 | 327,295 | 135,197 | 112,412 | 350,210 | 1,559,410 | 1,308,779 | 1,392,889 |
| | $ 43,303 | $295,864 | $568,783 | $143,672 | $457,611 | $885,678 | $219,045 | $461,702 | $3,075,658 | $2,610,230 | $3,262,656 |

## CUMBERLAND REGIONAL COLLEGE

## SCHEDULE OF OPERATING EXPENSES FOR THE YEAR ENDED JUNE 30, 1999

Schedule 3

| | 1999 | 1998 |
|---|---|---|
| Advertising | $ 44,696 | $ 68,277 |
| Association Fees and Dues | 7,865 | 5,344 |
| Bank Charges and Interest | 426 | 553 |
| Computer Software | 16,757 | 47,368 |
| Conference and Training Fees | 15,818 | 13,940 |
| Insurance | 7,789 | 6,531 |
| Materials and Supplies | 65,789 | 118,631 |
| Postal, Freight and Courier | 9,278 | 12,339 |
| Printing and Duplicating | 4,515 | 4,200 |
| Resale Items | 95,677 | 90,709 |
| Subscriptions | 2,867 | 1,066 |
| Telephone and Fax | 60,873 | 59,255 |
| Travel | 66,440 | 64,689 |
| Utilities | 6,670 | 8,934 |
| Other | 12,683 | 29,803 |
| | $418,143 | $531,639 |

## CUMBERLAND REGIONAL COLLEGE

## SCHEDULE OF RESERVE TRANSACTIONS
## FOR THE YEAR ENDED JUNE 30, 1999

Schedule 4

| | Balance, beginning of the year | Appropriations from unrestricted net assets | Transfers to unrestricted net assets | Balance, end of the year |
|---|---|---|---|---|
| **Operating Fund** | | | | |
| University | $ 99,027 | $ -- | $ -- | $ 99,027 |
| SCN | 19,980 | -- | -- | 19,980 |
| Student Services | 25,514 | -- | -- | 25,514 |
| Education Leave | 22,573 | -- | -- | 22,573 |
| Professional Development | 33,807 | -- | (14,759) | 19,048 |
| Literacy | 6,500 | -- | -- | 6,500 |
| Retroactive Salary | 20,000 | -- | -- | 20,000 |
| Career Services | 22,000 | -- | -- | 22,000 |
| 25th Anniversary Marketing | -- | 15,400 | -- | 15,400 |
| One Client Service Model | -- | 133,750 | -- | 133,750 |
| Strategic Plan Implementation | -- | 20,000 | -- | 20,000 |
| Class Plan Implementation | -- | 25,500 | -- | 25,500 |
| Basic Education Special Needs Tutors | -- | 27,000 | -- | 27,000 |
| Learning Centre | -- | 75,000 | -- | 75,000 |
| Research and Development | -- | 30,000 | -- | 30,000 |
| | 249,401 | 326,650 | (14,759) | 561,292 |
| **Capital Fund** | | | | |
| Tech Lab - Tisdale | 20,000 | -- | (4,502) | 15,498 |
| Capital | 118,059 | 514,340 | -- | 632,399 |
| | 138,059 | 514,340 | (4,502) | 647,897 |
| | $387,460 | $840,990 | $(19,261) | $1,209,189 |

**STARK**

**&**

**MARSH**

**CHARTERED ACCOUNTANTS**

E.L. Blenner-Hassett CA
R.G. Budd CA CFP
K.A. Hagen CA CFP
A.D. Kiesman CA CFP

G.F. Knakoske CA CFP
R.J. Marsh CA
G.D. Rittinger FCA CFP

R.D. Siemens CA
G.D. Smith CA CFP
G.J. Trembath CA
B.W. Wiebe CA CFP

# CYPRESS HILLS REGIONAL COLLEGE

## FINANCIAL STATEMENTS

## JUNE 30, 1999

## AUDITOR'S REPORT

To the Board of the Cypress Hills Regional College

We have audited the balance sheet of the Cypress Hills Regional College as at June 30, 1999 and the statements of operations and changes in fund balances and cash flows for the year then ended. The college is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the college as at June 30, 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Stark & Marsh

Chartered Accountants

Swift Current, Saskatchewan
August 25, 1999

## CYPRESS HILLS REGIONAL COLLEGE

## BALANCE SHEET
As at June 30, 1999

Statement 1

### ASSETS

| | | 1999 | | 1998 |
|---|---|---|---|---|
| | Operating fund | Capital fund | Total | Total |
| **Current** | | | | |
| Cash and temporary investments | $ 659,274 | - | 659,274 | $ 629,751 |
| Accounts receivable - Note 3 | 103,457 | - | 103,457 | 150,105 |
| Inventories | 12,989 | - | 12,989 | 14,059 |
| Prepaid expenses | 8,531 | - | 8,531 | 3,178 |
| Other | 150 | - | 150 | 150 |
| | - | - | 784,401 | 797,243 |
| **Capital** - Note 4 | - | 938,669 | 938,669 | 673,927 |
| | $ 784,401 | 938,669 | 1,723,070 | $ 1,471,170 |

### LIABILITIES AND FUND BALANCES

| | Operating fund | Capital fund | Total | Total |
|---|---|---|---|---|
| **Current** | | | | |
| Accounts payable | $ 43,649 | - | 43,649 | $ 109,049 |
| Accrued salaries and vacation payable | 62,737 | - | 62,737 | 40,897 |
| Deferred revenues - Note 5 | 333,949 | - | 333,949 | 276,227 |
| Tuition fee deposits | 5,540 | - | 5,540 | 2,148 |
| | 445,875 | - | 445,875 | 428,321 |
| **Fund balances** - Statement 3 | | | | |
| Invested in capital assets | - | 938,669 | 938,669 | 673,927 |
| Internally restricted as reserves | 24,400 | - | 24,400 | 24,400 |
| Unrestricted | 314,126 | - | 314,126 | 344,522 |
| | 338,526 | 938,669 | 1,277,195 | 1,042,849 |
| | $ 784,401 | 938,669 | 1,723,070 | $ 1,471,170 |

Approved by the Board of Trustees

________________ Director

________________ Director

See accompanying notes to financial statements

## CYPRESS HILLS REGIONAL COLLEGE

### STATEMENT OF OPERATIONS
For the year ended June 30, 1999

Statement 2

| | Operating | | | Capital | | Total | |
|---|---|---|---|---|---|---|---|
| | Budget (Note 13) | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| **Revenues** - Schedule 1 | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | $ 2,321,195 | 2,317,268 | 1,988,922 | 242,981 | 68,689 | 2,560,249 | 2,057,611 |
| Federal government | 89,177 | 141,544 | 207,955 | - | - | 141,544 | 207,955 |
| Other revenues | 535,520 | 697,902 | 631,275 | 19,500 | - | 717,402 | 631,275 |
| | 2,945,892 | 3,156,714 | 2,828,152 | 262,481 | 68,689 | 3,419,195 | 2,896,841 |
| **Expenses** - Schedule 2 | | | | | | | |
| Contractual and professional fees | 794,004 | 658,837 | 668,191 | - | - | 658,837 | 668,191 |
| Rentals | 64,892 | 82,616 | 73,100 | - | - | 82,616 | 73,100 |
| Repairs and maintenance | 21,770 | 54,355 | 26,281 | - | - | 54,355 | 26,281 |
| Amortization | - | - | - | 139,894 | 114,229 | 139,894 | 114,229 |
| Operating expenses - Schedule 3 | 482,172 | 428,072 | 498,262 | - | - | 428,072 | 498,262 |
| Personal services | 1,536,922 | 1,821,075 | 1,434,869 | - | - | 1,821,075 | 1,434,869 |
| | 2,899,760 | 3,044,955 | 2,700,703 | 139,894 | 114,229 | 3,184,849 | 2,814,932 |
| **Excess (deficiency) of revenue over expenses** | $ 46,132 | 111,759 | 127,449 | 122,587 | (45,540) | 234,346 | 81,909 |

See accompanying notes to financial statements

## CYPRESS HILLS REGIONAL COLLEGE

## STATEMENT OF CHANGES IN FUND BALANCES
**For the year ended June 30, 1999**

Statement 3

| | Invested in capital assets | Internally restricted assets | Unrestricted | 1999 Total | 1998 Total |
|---|---|---|---|---|---|
| **Balance, beginning of year** | $ 673,927 | 24,400 | 344,522 | 1,042,849 | $ 960,940 |
| **Excess (deficiency) of revenue over expenses** | 122,587 | - | 111,759 | 234,346 | 81,909 |
| **Investments in capital assets** - Note 11 | 142,155 | - | (142,155) | - | - |
| **Balance, end of year** | $ 938,669 | 24,400 | 314,126 | 1,277,195 | $ 1,042,849 |

See accompanying notes to financial statements

## CYPRESS HILLS REGIONAL COLLEGE

## STATEMENT OF CASH FLOWS
For the year ended June 30, 1999

Statement 4

| | 1999 | 1998 |
|---|---|---|
| **Cash from operating activities** | | |
| Excess of revenue over expenses | $ 234,346 | $ 81,909 |
| Charges to operations not affecting cash | | |
| Amortization | 139,894 | 114,229 |
| Net change in non-cash working capital | 59,919 | 167,286 |
| | 434,159 | 363,424 |
| **Investing activities** | | |
| Additions to capital assets | (404,636) | (160,705) |
| **Increase in cash during year** | 29,523 | 202,719 |
| **Cash and investments, beginning of year** | 629,751 | 427,032 |
| **Cash and investments, end of year** | $ 659,274 | $ 629,751 |

See accompanying notes to financial statements

# CYPRESS HILLS REGIONAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS
June 30, 1999

1. **Purpose and authority**

The Cypress Hills Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act.*

The Board of the Cypress Hills Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

2. **Significant accounting policies**

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

(a) Fund accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

(i) Operating fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

(ii) Capital fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long-term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

(b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date on contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Land | 0% |
| Buildings | 5% |
| Furniture and equipment | 10% to 33% |

(d) Inventories

Inventories are recorded at the lower of cost and net realizable value.

(e) Investments

Investments are recorded at the lower of cost and market value.

## CYPRESS HILLS REGIONAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS
June 30, 1999

### 3. Accounts receivable

The accounts receivable as at June 30 were comprised as follows:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 32,071 | $ 65,956 |
| Federal government | 13,336 | 21,759 |
| Other | 58,050 | 62,390 |
| | $ 103,457 | $ 150,105 |

### 4. Capital assets

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Original cost | Accumulated amortization | Net book value | Net book value |
| Land | $ 50,000 | - | 50,000 | $ 35,000 |
| Pavement | 29,756 | 5,951 | 23,805 | - |
| Buildings | 1,033,421 | 273,181 | 760,240 | 501,405 |
| Furniture and equipment | 571,440 | 466,816 | 104,624 | 137,522 |
| | $ 1,684,617 | 745,948 | 938,669 | $ 673,927 |

### 5. Deferred revenue

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | 1999 | 1998 |
|---|---|---|
| Federal government | $ 6,340 | $ 63,820 |
| Saskatchewan Post-Secondary Education and Skills Training | 325,109 | 209,907 |
| Other | 2,500 | 2,500 |
| | $ 333,949 | $ 276,227 |

### 6. Related party transactions

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

The College brokerages course programs from SIAST. The amount incurred during the year amounted to $413,244 (1998 - $375,479).

The College purchased telephone and utilities services from Saskatchewan Crown Corporations in the amount of $76,277 (1998 - $71,308).

The College offers courses through the University of Regina. The amount paid to the university was $89,408 (1998 - $127,947).

# CYPRESS HILLS REGIONAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS
June 30, 1999

### 6. Related party transactions (continued)

The College holds two Saskatchewan Savings Bonds:
- face value of $100,000, maturing July 15, 1999, interest rate 8%
- face value of $8,000, maturing July 15, 2000, interest rate 6.75%

The College paid $20,144 (1998 - $28,156) to Saskatchewan Property Management Corporation for vehicle leases and mail services.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

### 7. Pensions

Employees of the college participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the financial obligations of the TSP.

All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $44.319 ($40,340 for 1998).

### 8. Commitments

(a) The College has made commitments to purchase capital equipment costing approximately $5,000.

(b) The College is obligated under the following lease agreements:

(i) Gravelbourg Learning Centre: A two-year agreement, entered into with the Gravelbourg School Division #109 effective from July 1, 1999 specifies a rental of $7,296 per year.

(ii) Shaunavon Learning Centre: A one-year agreement continuing thereafter on a year to year basis, entered into with the Shaunavon School Division #71 effective August 1, 1994 specifies a rental of $4,800 per year.

### 9. Line of credit

The College has obtained approval to establish a line of credit of $250,000 at Southwest Credit Union Ltd. with interest at a rate of prime less 1/4% secured by an assignment of government grants, program payments and other revenue. The College did not utilize this line of credit during 1998-99.

### 10. Financial instruments

(a) The carrying amount of cash temporary investments, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short-term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

## CYPRESS HILLS REGIONAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS
June 30, 1999

**10. Financial instruments (continued)**

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivable are from the provincial and federal government, therefore, credit risk is minimal.

**11. Interfund transfers**

In 1998 - 99 the Board approved a transfer of $142,155 from the Operating Fund to the Capital Fund to be used for capital purchases.

**12. Uncertainty due to the Year 2000 Issue**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identity a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the college, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

**13. Budget amounts**

The budget was prepared by regional college management with Board approval given on June 22, 1998. Ministerial approval was received December 18, 1998.

**14. Provincial training allowance program**

During part of the year the College continued an agreement with Saskatchewan Post-Secondary Education and Skills Training (the Department) to pay training allowances for the Department. The Department was responsible for approving all payments made per the agreement. All money received for this program from the Department was property of the Department until the College paid eligible applicants.

Since the money spent on the program is the Department's responsibility, these transactions are not reflected in the College's financial statements.

During the year, the College paid $50,946 in training allowances to eligible applicants.

# Cypress Hills Regional College
## Statement of Operating Fund Revenues by Function
## for the year ended June 30, 1999

Schedule 1

| | Administration | Programming | | | | Support Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General Revenue | Community Individual Development | Adult Basic Education | University | Vocational Technical | Student Services | Career Services | June 30,1999 Total | 1998/1999 Budget | June 30,1998 Total |
| **Revenues:** | | | | | | | | | | |
| **Post-Secondary Education and Skills Training** | | | | | | | | | | |
| Administration | 100,107 | 0 | 0 | 0 | 0 | 10,000 | 0 | 110,107 | 114,150 | 50,314 |
| Base Grant | 874,463 | 0 | 0 | 0 | 0 | 0 | 71,318 | 945,781 | 892,448 | 711,813 |
| Program Payments | 46,680 | 0 | 266,067 | 0 | 693,147 | 31,980 | 0 | 1,037,874 | 1,244,597 | 1,109,039 |
| Outreach Fund | 118,606 | 0 | 0 | 50,924 | 0 | 0 | 0 | 169,530 | 0 | 0 |
| Facility Renovations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,500 |
| Rent | 15,000 | 0 | 0 | 0 | 0 | 0 | 0 | 15,000 | 0 | 0 |
| Other | 38,976 | 0 | 0 | 0 | 0 | 0 | 0 | 38,976 | 70,000 | 99,256 |
| **TOTAL** | **1,193,832** | **0** | **266,067** | **50,924** | **693,147** | **41,980** | **71,318** | **2,317,268** | **2,321,195** | **1,988,922** |
| **FEDERAL GOVERNMENT** | | | | | | | | | | |
| Administrative Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,513 |
| Program Payments | 0 | 0 | 98,357 | 0 | 36,294 | 0 | 0 | 134,651 | 65,354 | 178,979 |
| Other | 6,893 | 0 | 0 | 0 | 0 | 0 | 0 | 6,893 | 23,823 | 26,463 |
| **TOTAL** | **6,893** | **0** | **98,357** | **0** | **36,294** | **0** | **0** | **141,544** | **89,177** | **207,955** |
| **OTHER** | | | | | | | | | | |
| Administrative Recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500 |
| Contracts | 71,529 | 0 | 29,085 | 15,939 | 11,532 | 0 | 0 | 128,085 | 37,408 | 30,785 |
| Interest and Dividends | 37,731 | 0 | 0 | 0 | 0 | 0 | 0 | 37,731 | 15,000 | 27,271 |
| Rents | 3,435 | 0 | 0 | 0 | 0 | 0 | 0 | 3,435 | 12,000 | 18,811 |
| Resale Items | 5,164 | 0 | 31 | 0 | 0 | 0 | 0 | 5,195 | 11,050 | 13,544 |
| Tuition | 0 | 128,582 | 25 | 61,815 | 234,525 | 0 | 0 | 424,947 | 415,512 | 459,961 |
| Other | 30,051 | 783 | 629 | 0 | 10,541 | 2,419 | 54,086 | 98,509 | 44,550 | 79,403 |
| **TOTAL** | **147,910** | **129,365** | **29,770** | **77,754** | **256,598** | **2,419** | **54,086** | **697,902** | **535,520** | **631,275** |
| **Total Revenue** | **1,348,635** | **129,365** | **394,194** | **128,678** | **986,039** | **44,399** | **125,404** | **3,156,714** | **2,945,892** | **2,828,152** |
| **Total Expense** | **1,476,869** | **69,610** | **384,821** | **107,322** | **781,895** | **78,000** | **146,438** | **3,044,955** | **2,899,760** | **2,700,703** |
| **Excess/<Deficiency> of revenue over expenses** | **-128,234** | **59,755** | **9,373** | **21,356** | **204,144** | **-33,601** | **-21,034** | **111,759** | **46,132** | **127,449** |

see accompanying notes to financial statements

## Cypress Hills Regional College
## Statement of Operating Fund Expenses by Function
## for the year ended June 30, 1999

Schedule 2

| | General Administration | | | | Programming | | | | Support Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Board | Administration | General Revenue | Organization | Community Individual Development | Adult Basic Education | University | Vocational Technical | Student Services | Career Services | June 30,1999 Total | 1998-99 Budget | June 30, 1998 Total |
| Contractual and Professional Services | 738 | 16,450 | 0 | 6,600 | 49,271 | 7,053 | 82,413 | 494,412 | 1,550 | 350 | 658,837 | 794,004 | 668,191 |
| Rentals | 41 | 28,270 | 0 | 16,404 | 2,015 | 360 | 0 | 35,526 | 0 | 0 | 82,616 | 64,892 | 73,100 |
| Repairs & Maintenance | 0 | 50,265 | 0 | 2,218 | 390 | 481 | 0 | 1,001 | 0 | 0 | 54,355 | 21,770 | 26,281 |
| Operating (Schedule 3) | 31,678 | 198,490 | 0 | 79,040 | 17,922 | 30,140 | 24,909 | 30,781 | 4,709 | 10,403 | 428,072 | 482,172 | 498,262 |
| Personal Services | 17,945 | 527,185 | 0 | 501,545 | 12 | 346,787 | 0 | 220,175 | 71,741 | 135,685 | 1,821,075 | 1,536,922 | 1,434,869 |
| **TOTAL EXPENSE** | **50,402** | **820,660** | **0** | **605,807** | **69,610** | **384,821** | **107,322** | **781,895** | **78,000** | **146,438** | **3,044,955** | **2,899,760** | **2,700,703** |

see accompanying notes to financial statements

## Cypress Hills Regional College
## Schedule of Operating Expenses
## for the year ended June 30, 1999

| | Approved Budget 1998-99 | Actual to 30-Jun-99 | Actual to 30-Jun-98 | Actual to Budget 1998-99 | |
|---|---|---|---|---|---|
| | | | | $ | % |
| **Operating Expenses** | | | | | |
| **Advertising** | 61,825 | 49,005 | 57,112 | -12,820 | 79.26 |
| **Association Fees and Dues** | 9,350 | 6,173 | 20,552 | -3,177 | 66.02 |
| **Bad Debts** | 0 | 0 | 0 | 0 | 0.00 |
| **Bank Charges and Interest** | 50 | 166 | 55 | 116 | 332.00 |
| **Class Allowances** | 50,530 | 0 | 11,012 | -50,530 | 0.00 |
| **Computer Software** | 12,650 | 18,693 | 21,338 | 6,043 | 147.77 |
| **Conference Fees** | 17,515 | 20,762 | 10,248 | 3,247 | 118.54 |
| **Leasehold Improvements** | 0 | 0 | 0 | 0 | 0.00 |
| **Minor Equipment Purchases** | 12,500 | 10,006 | 23,546 | -2,494 | 80.05 |
| **Insurance** | 10,300 | 11,449 | 10,039 | 1,149 | 111.16 |
| **Licenses and Taxes** | 33,107 | 4,277 | 41,485 | -28,830 | 12.92 |
| **Materials and Supplies** | 103,725 | 88,083 | 112,366 | -15,642 | 84.92 |
| **Postage, Freight and Courier** | 9,850 | 11,661 | 10,407 | 1,811 | 118.39 |
| **Printing and Duplicating** | 5,000 | 18,416 | 1,896 | 13,416 | 368.32 |
| **Subscriptions** | 1,550 | 1,471 | 998 | -79 | 94.90 |
| **Telephone** | 41,625 | 47,211 | 47,242 | 5,586 | 113.42 |
| **Travel** | 54,795 | 82,411 | 76,571 | 27,616 | 150.40 |
| **Utilities** | 57,800 | 58,288 | 53,395 | 488 | 100.84 |
| **Other** | | 0 | 0 | 0 | 0.00 |
| **Total** | **482,172** | **428,072** | **498,262** | -54,100 | 88.78 |

see accompanying notes to financial statements

*DOWNIE JOHNSON SVENKESON*
*Chartered Accountants*

## AUDITORS' REPORT

To the Board of Governors
North West Regional College

We have audited the statement of financial position of North West Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Downie Johnson Svenkeson

North Battleford, Saskatchewan
September 7, 1999.

Chartered Accountants.

*Downie Johnson Swenkeson*

## NORTH WEST REGIONAL COLLEGE
### Statement of Operations
### for the year ended June 30, 1999

| | Operating | | | Capital | | Scholarship | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | Budget (Note 12) | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| **REVENUE** (Schedule 1) | | | | | | | | | |
| Post-Secondary Education and Skills Training | $ 2,811,120 | $ 3,269,711 | $ 2,618,681 | $ 201,676 | $ 304,000 | | | $ 3,471,387 | $ 2,922,681 |
| Federal Government | 387,600 | 494,235 | 644,523 | | | | | 494,235 | 644,523 |
| Other | 1,297,213 | 1,007,261 | 1,323,393 | — | — | $ 148 | $ 923 | 1,007,409 | 1,324,316 |
| | 4,495,933 | 4,771,207 | 4,586,597 | 201,676 | 304,000 | 148 | 923 | 4,973,031 | 4,891,520 |
| **GENERAL OPERATING EXPENDITURES** (Schedule 2) | | | | | | | | | |
| Contractual and professional services | 799,377 | 819,188 | 811,876 | | | | | 819,188 | 811,876 |
| Rentals | 231,988 | 218,296 | 243,144 | | | | | 218,296 | 243,144 |
| Repairs and maintenance | 18,985 | 17,868 | 14,163 | | | | | 17,868 | 14,163 |
| Operating (Schedule 3) | 989,916 | 719,356 | 762,970 | | | | | 719,356 | 762,970 |
| Personal services | 2,480,121 | 2,919,070 | 2,483,695 | | | | | 2,919,070 | 2,483,695 |
| Scholarships | — | — | — | | | — | 1,260 | NIL | 1,260 |
| Amortization | | | | 78,365 | 101,974 | | | 78,365 | 101,974 |
| | 4,520,387 | 4,693,778 | 4,315,848 | 78,365 | 101,974 | NIL | 1,260 | 4,772,143 | 4,419,082 |
| **EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES** | $ (24,454) | $ 77,429 | $ 270,749 | $ 123,311 | $ 202,026 | $ 148 | $ (337) | $ 200,888 | $ 472,438 |

See Accompanying Notes

## NORTH WEST REGIONAL COLLEGE

### Statement of Financial Position
### June 30, 1999

| | 1999 Operating Fund | 1999 Capital Fund | 1999 Scholarship Fund | 1999 Total | 1998 Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash | $ 484,303 | $ 200,811 | $ 15,368 | $ 700,482 | $ 1,076,547 |
| Accounts receivable (Note 3) | 486,431 | 201,676 | 62 | 688,169 | 760,196 |
| Inventory | 9,479 | | | 9,479 | 6,690 |
| Prepaid expenses | 5,143 | | | 5,143 | 93,069 |
| | 985,356 | 402,487 | 15,430 | 1,403,273 | 1,936,502 |
| **CAPITAL ASSETS (Note 4)** | | 996,339 | | 996,339 | 102,397 |
| | $ 985,356 | $ 1,398,826 | $ 15,430 | $ 2,399,612 | $ 2,038,899 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Bank overdraft | | | | | $ 4,116 |
| Accounts payable (Note 5) | $ 383,709 | | | $ 383,709 | 111,720 |
| Accrued liabilities | 75,867 | | | 75,867 | 58,841 |
| Accrued holiday pay (Note 6) | 105,367 | | | 105,367 | 68,241 |
| Deferred income (Note 7) | 285,691 | | | 285,691 | 446,822 |
| | 850,634 | | | 850,634 | 689,740 |
| **FUND BALANCES (Schedule 4)** | | | | | |
| Invested in capital assets | | $ 996,339 | | 996,339 | 102,397 |
| Externally restricted | | NIL | | NIL | 304,000 |
| Internally restricted as reserves | 134,722 | 402,487 | $ 15,430 | 552,639 | 942,762 |
| Unrestricted | NIL | NIL | NIL | NIL | NIL |
| | 134,722 | 1,398,826 | 15,430 | 1,548,978 | 1,349,159 |
| | $ 985,356 | $ 1,398,826 | $ 15,430 | $ 2,399,612 | $ 2,038,899 |

Approved by the Board of Governors:

Chairperson

Vice-Chairperson

*Downie Johnson Svenkeson*

## NORTH WEST REGIONAL COLLEGE

### Statement of Changes in Fund Balances
### for the year ended June 30, 1999

| | 1999 | | | | | 1998 |
|---|---|---|---|---|---|---|
| | Operating Fund | | | | | |
| | Internally Restricted Assets | Unrestricted | Capital Fund | Scholarship Fund | Total | Total |
| Fund balance beginning of year | $ 170,151 | | $ 1,163,726 | $ 15,282 | $ 1,349,159 | $ 876,721 |
| Excess of revenue over expenditures (deficit) | | $ 77,429 | 123,311 | 148 | 200,888 | 472,438 |
| Write down of capital assets | | | (1,069) | | (1,069) | |
| Inter fund transfers | (35,429) | (77,429) | 112,858 | | | |
| Fund balance end of year | $ 134,722 | $ NIL | $ 1,398,826 | $ 15,430 | $ 1,548,978 | $ 1,349,159 |

See Accompanying Notes

*Downie Johnson Svenkeson*

## NORTH WEST REGIONAL COLLEGE
### Statement of Cash Flows
### for the year ended June 30, 1999

| | 1999 | 1998 |
|---|---|---|
| **CASH FROM OPERATING ACTIVITIES** | | |
| Excess of revenue over expenditures | $ 200,888 | $ 472,438 |
| Add (deduct) items not involving current cash flow: | | |
| Amortization | 78,365 | 101,974 |
| Write down of capital assets | (1,069) | |
| | 278,184 | 574,412 |
| Net change in non-cash working capital balances related to operations | 322,173 | (354,869) |
| | 600,357 | 219,543 |
| **INVESTMENT ACTIVITIES** | | |
| Purchase of capital assets | (972,306) | (98,583) |
| **NET CASH (USED)PROVIDED IN YEAR** | (371,949) | 120,960 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | 1,072,431 | 951,471 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | $ 700,482 | $ 1,072,431 |

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances and loans with financial institutions. Cash and cash equivalents included in the cash flow statement comprised the following balance sheet amounts:

| | 1999 | 1998 |
|---|---|---|
| Cash | $ 700,482 | $ 1,076,547 |
| Bank overdraft | | (4,116) |
| | $ 700,482 | $ 1,072,431 |

See Accompanying Notes

# NORTH WEST REGIONAL COLLEGE
## Notes to Financial Statements
## June 30, 1999

### 1. Purpose and authority

The North West Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. North West Regional College was established in 1975 as Mistikwa Community College. On January 1, 1988 the *Regional College Act* was proclaimed, and the College was renamed North West Regional College to reflect its new mandate and extended boundaries. The mission of North West Regional College is to provide adult learning opportunities and to promote life-long learning as a means of enhancing the cultural, economic and social life of the individuals and communities it serves.

The Board of the North West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of *The Regional Colleges Act* and its regulations.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principals, and include the following significant policies.

#### a) Fund Accounting

A fund is a separate set of accounts provided for each accounting activity established within the accounting system to segregate the transactions of the particular activity. The funds are:

#### i) Operating Fund

This fund contains the current revenue and expenditures, pertaining to the general activities of the College.

#### ii) Capital Fund

This fund contains the capital assets of the College and equity in the capital assets. Included in the capital fund are the appropriations for future capital expenditures.

#### iii) Scholarship Fund

This fund was established to include donations received by the College for purposes of awarding scholarships to students of the College.

#### b) Revenue Recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

## NORTH WEST REGIONAL COLLEGE
## Notes to Financial Statements
## June 30, 1999

### 2. Significant Accounting Policies (Continued)

#### c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Buildings | 2.5% to 4% |
| Furniture and equipment | 10% to 33% |
| Vehicles | 10% to 20% |

#### d) Inventories

Inventories are valued at lower of cost or net realizable value.

### 3. Accounts Receivable

Accounts Receivable are composed of the following:

| | 1999 | 1998 |
|---|---:|---:|
| Government of Canada | $ 47,432 | $ 38,877 |
| Post Secondary Education & Skills Training | 575,546 | 581,553 |
| SIAST | 28,203 | 8,158 |
| Other | 36,988 | 131,608 |
| | $ 688,169 | $ 760,196 |

### 4. Capital Assets

Capital assets consist of:

| | 1999 | | | 1998 |
|---|---:|---:|---:|---:|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | $ 914,036 | | $ 914,036 | |
| Furniture and equipment | 735,141 | $ 652,838 | 82,303 | $ 96,734 |
| Leasehold improvements | 69,233 | 69,233 | NIL | 5,663 |
| | $ 1,718,410 | $ 722,071 | $ 996,339 | $ 102,397 |

## NORTH WEST REGIONAL COLLEGE
**Notes to Financial Statements**
**June 30, 1999**

### 5. Accounts Payable

| | 1999 | 1998 |
|---|---|---|
| Trade | $ 331,286 | $ 78,376 |
| Wages | 52,423 | 33,344 |
| | $ 383,709 | $ 111,720 |

### 6. Accrued Holiday Pay

| | 1999 | 1998 |
|---|---|---|
| Accrued holiday pay, beginning of year | $ 68,241 | $ 65,894 |
| Net adjustment, current year | 37,126 | 2,347 |
| Accrued holiday pay, end of year | $ 105,367 | $ 68,241 |

### 7. Deferred Income

Deferred income consists of:

| | 1999 | 1998 |
|---|---|---|
| Post-Secondary Education and Skills Training | $ 254,561 | $ 380,118 |
| Federal Government | 26,709 | 60,001 |
| Other | 4,421 | 6,703 |
| | $ 285,691 | $ 446,822 |

### 8. Internally Restricted - Capital Fund

The internally restricted fund balance in the capital fund consists of the following:

| | 1999 | 1998 |
|---|---|---|
| Balance - beginning of year | $ 757,329 | $ 559,937 |
| Add: Transfer from restricted operating fund balance | 112,858 | 197,392 |
| Transfer from internally restricted fund balance to investment in capital assets | (467,700) | |
| Balance - end of year | $ 402,487 | $ 757,329 |

## NORTH WEST REGIONAL COLLEGE
### Notes to Financial Statements
### June 30, 1999

### 9. Related Party Transactions

These financial statements include transactions with related parties. The College is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the College is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Expenses for related party transactions during the year were as follows:

| | 1999 | 1998 |
|---|---|---|
| Sask Power | $ 22,454 | $ 28,649 |
| Sask Tel | 52,739 | 60,223 |
| Saskatchewan Property Management Corp | 44,132 | 44,719 |

The College provided courses in conjunction with the Saskatchewan Institute of Applied Science and Technology (SIAST). During the year the College expended $419,125 (1998, $521,915) for courses provided by SIAST. As at year end, there was no payable to SIAST (1998, $405).

During the year, the College provided courses in conjunction with the Universities of Saskatchewan and Regina. Transactions during the year were as follows:

| University of Saskatchewan | 1999 | 1998 |
|---|---|---|
| Revenue | $ 67,620 | $ 65,664 |
| Expenses | 86,807 | 124,571 |
| University of Regina | | |
| Revenue | $ 12,687 | $ 17,111 |
| Expenses | 16,077 | 29,113 |

During the year the College entered into a contract with the Saskatchewan Communications Network (SCN) to deliver various training and educational programs. The College received $99,000 during the year from SCN for these programs (1998, $96,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

# NORTH WEST REGIONAL COLLEGE
## Notes to Financial Statements
## June 30, 1999

### 10. Pensions

Employees of the college participate in one of the three pension plans. Teacher's and other employees holding a teaching certificate participate in a defined benefit plan; either the Teacher's Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The college has no financial obligation to TSP or STRP. Eligible employees contribute to TSP and STRP for their current service. The General Revenue Fund is responsible for the required employer contribution of the STRP and for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $96,195. (1998, $71,434).

### 11. Joint-Use Facility Project

North West Regional College and North Battleford School Division No.118 have an agreement whereby the College will take over a portion of the North Battleford Comprehensive High School. In the agreement, the School Division will hold title to the property, with the College's identified portion being held "in trust" for the College. The agreement calls for the College to provide $300,000 to the school board for the property which will be transferred to the College. This transaction was completed for the fiscal year ended June 30, 1999. There is an outstanding obligation for the College for the completion of Phase 1 of $49,613.

### 12. Budget

The budgeted figures reported in the Statement of Operations are obtained from the annual budget approved by the board and included in the annual budget review document submitted to and approved by the Department of Post-Secondary Education and Skills Training. The budget was approved by the Regional College Board on June 22, 1998 and by the Minister of Saskatchewan Post-Secondary Education and Skills Training on December 18,1998.

### 13. Financial Instruments

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows.

The majority of the College's receivables are from Post-Secondary Education and Skills Training. Therefore the credit risk is minimal.

The carrying amount of accounts receivable, accounts payable, accrued liabilities and accrued holiday pay approximate fair market value due to the their immediate or short-term nature.

# NORTH WEST REGIONAL COLLEGE
## Notes to Financial Statements
## June 30, 1999

### 14. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or something other than a date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the college, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## NORTH WEST REGIONAL COLLEGE

### Operating Fund
### Schedule of Revenue by Function
### for the year ended June 30, 1999

Schedule 1

| | 1999 | | | | | | | | 1998 |
|---|---|---|---|---|---|---|---|---|---|
| | General Administration | Programming | | | | Support Services | | | |
| | General Revenue | Community Individual Development | Adult Basic Education | Vocational Technical | University | Career Services | Student Services | Total | Total |
| Post -Secondary Education and Skills Training | | | | | | | | | |
| Administrative recovery | $ 62,940 | | | $ 7,679 | | | | $ 70,619 | $ 14,676 |
| Flat grant | 824,029 | | | | | | | 824,029 | 699,803 |
| Program payments | 177,043 | $ 21,119 | $ 874,068 | 504,974 | $ 165,825 | $ 92,880 | | 1,835,909 | 1,694,855 |
| Other | 317,504 | | 75,094 | 146,556 | | | | 539,154 | 209,347 |
| | 1,381,516 | 21,119 | 949,162 | 659,209 | 165,825 | 92,880 | | 3,269,711 | 2,618,681 |
| Federal government | | | | | | | | | |
| Program payments | | $ 118,789 | $ 156,170 | $ 219,276 | | | | $ 494,235 | $ 644,523 |
| Other | | | | | | | | | |
| Contracts | 86,882 | 26,344 | 182,334 | 28,242 | 47,118 | | | 370,920 | 548,186 |
| Interest and dividends | 81,978 | | | | | | | 81,978 | 51,539 |
| Rents | 30 | 734 | | | | | | 764 | 5,198 |
| Resale items | | 9,521 | 2,137 | 2,782 | | | $ 72,023 | 86,463 | 90,095 |
| Tuition fees | | 94,205 | 3,705 | 221,308 | 80,307 | 661 | | 400,186 | 479,917 |
| Other | 49,503 | 10,283 | 1,794 | 1,780 | 3,590 | | | 66,950 | 148,458 |
| | 218,393 | 141,087 | 189,970 | 254,112 | 131,015 | 661 | 72,023 | 1,007,261 | 1,323,393 |
| TOTAL REVENUE | $ 1,599,909 | $ 280,995 | $ 1,295,302 | $ 1,132,597 | $ 296,840 | $ 93,541 | $ 72,023 | $ 4,771,207 | $ 4,586,597 |
| TOTAL EXPENSES (Schedule 2) | 1,735,521 | 281,269 | 1,218,225 | 974,832 | 176,211 | 236,147 | 71,573 | 4,693,778 | 4,315,848 |
| Excess/(Deficiency) of Revenue over Expenditures | $ (135,612) | $ ( 274) | $ 77,077 | $ 157,765 | $ 120,629 | $ (142,606) | $ 450 | $ 77,429 | $ 270,749 |

See Accompanying Notes

# NORTH WEST REGIONAL COLLEGE

## Operating Fund
## Schedule of Expenditures By Function
## for the year ended June 30, 1999

Schedule 2

| | 1999 | | | | | | | | | | 1998 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Administration | | | Programming | | | | Support Services | | | |
| | Board | Adminis-trative | Organiz-ational | Community Individual Development | Adult Basic Education | Vocational Technical | University | Career Services | Student Services | Total | Total |
| Contractual and professional | | $ 33,798 | $ 82,807 | $ 73,607 | $ 38,068 | $ 497,463 | $ 90,693 | $ 2,752 | | $ 819,188 | $ 811,876 |
| Rentals | | 6,490 | 7,986 | 14,452 | 80,282 | 76,059 | 25,740 | 7,202 | $ 85 | 218,296 | 243,144 |
| Repairs and maintenance | | 3,044 | 1,645 | 11,672 | 261 | | 246 | 985 | 15 | 17,868 | 14,163 |
| Operating expenses (Schedule 3) | $ 33,187 | 94,967 | 151,345 | 69,995 | 127,881 | 89,816 | 39,007 | 41,685 | 71,473 | 719,356 | 762,970 |
| Personal services | 17,402 | 556,624 | 746,226 | 111,543 | 971,733 | 311,494 | 20,525 | 183,523 | — | 2,919,070 | 2,483,695 |
| TOTAL EXPENDITURES | $ 50,589 | $ 694,923 | $ 990,009 | $ 281,269 | $ 1,218,225 | $ 974,832 | $ 176,211 | $ 236,147 | $ 71,573 | $ 4,693,778 | $ 4,315,848 |

# NORTH WEST REGIONAL COLLEGE
## Operating Fund
## Schedule of Operating Expenses
## for the year ended June 30, 1999

Schedule 3

| | 1999 | 1998 |
|---|---|---|
| Advertising | $ 51,277 | $ 88,545 |
| Association fees and dues | 9,372 | 9,020 |
| Bad debts | 593 | 623 |
| Bank charges and interest | 1,294 | 1,176 |
| Computer software | 16,999 | 22,589 |
| Equipment | 36,426 | 19,806 |
| Goods and services tax | 46,534 | 53,109 |
| In-service training | 50,190 | 32,440 |
| Insurance | 7,941 | 8,104 |
| Licenses and taxes | 10,380 | 13,755 |
| Materials and supplies | 76,645 | 105,205 |
| Postage, freight and courier | 19,494 | 16,590 |
| Printing and duplicating | 47,948 | 35,918 |
| Resale items | 85,839 | 89,763 |
| Subscriptions | 1,698 | 2,313 |
| Telephone | 58,113 | 57,300 |
| Training allowances | (2,144) | (1,389) |
| Travel | 121,902 | 104,564 |
| Utilities | 24,643 | 27,916 |
| Other | 54,212 | 75,623 |
| | $ 719,356 | $ 762,970 |

*Downie Johnson Svenkeson*

## NORTH WEST REGIONAL COLLEGE
### Schedule of Reserve Transactions
### for the year ended June 30, 1999

**Schedule 4**

| Internally Restricted | Balance Beginning of Year | Appropriation (from) to Reserve | Balance End of Year |
|---|---|---|---|
| **OPERATING FUND** | | | |
| Reserve for administrative computer system | $ 37,566 | $ 21,700 | $ 59,266 |
| Reserve for class plan | 74,200 | (61,350) | 12,850 |
| Reserve for collective agreement | 1,000 | (1,000) | NIL |
| Reserve for joint-use relocation | 20,000 | | 20,000 |
| Reserve for STS initiatives | 10,000 | (10,000) | NIL |
| Reserve for enrollment management | | 14,400 | 14,400 |
| Reserve for severance | 6,150 | | 6,150 |
| Reserve for contingencies | 21,235 | 821 | 22,056 |
| **Total Operating Fund** | $ 170,151 | $ (35,429) | $ 134,722 |
| **CAPITAL FUND** | | | |
| Unspecified | $ 3,392 | $ (3,392) | $ NIL |
| Reserves for Meadow Lake | 41,687 | 20,000 | 61,687 |
| Reserve for Y2K fixes | 4,000 | | 4,000 |
| Reserve for additional computer lab | 40,000 | | 40,000 |
| Upgrade computer equipment | 114,000 | (25,940) | 88,060 |
| Reserve for F/E Replacement - general | 76,000 | (19,150) | 56,850 |
| Reserve for F/E Replacement - joint - use | 18,000 | 32,000 | 50,000 |
| Reserve for N. B. campus project | 460,250 | (358,360) | 101,890 |
| **Total Capital Fund** | $ 757,329 | $ (354,842) | $ 402,487 |

**Externally Restricted**

| | | | |
|---|---|---|---|
| **CAPITAL FUND** | | | |
| Reserve for N. B. Campus | $ 304,000 | $ (304,000) | $ NIL |

See Accompanying Notes

H.C. AGNEW, B.Comm. C.A
G.J.E. REID, C.A
D.R. ULMER, B.Comm. C.A
G.L. BUSCH, B.Comm. C.A
G.H. JAHN, B.Comm. C.A
L.A. COOPER, B.Comm. C.A

CA

Woodhouse • Tucker & Partners
CHARTERED ACCOUNTANTS

# AUDITORS' REPORT

**To: The Directors of Northlands College**

We have audited the statement of financial position of Northlands College as at June 30, 1999 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Prince Albert, Saskatchewan
August 25, 1999

**WOODHOUSE, TUCKER & PARTNERS**
Chartered Accountants

PER: Larry Cooper

STATEMENT 1.

## NORTHLANDS COLLEGE
## STATEMENT OF FINANCIAL POSITION
### June 30, 1999

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Operating fund | Capital fund | Total | Total |
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | $ 2,703,765 | $ ---- | $ 2,703,765 | $ 1,907,759 |
| Accounts receivable (note 3) | 453,721 | ---- | 453,721 | 491,230 |
| Prepaid expense | 30,964 | ---- | 30,964 | 31,891 |
| | 3,188,450 | ---- | 3,188,450 | 2,430,880 |
| **Capital assets (note 4)** | ---- | 2,617,927 | 2,617,927 | 2,786,714 |
| | $ 3,188,450 | $ 2,617,927 | $ 5,806,377 | $ 5,217,594 |
| **LIABILITIES** | | | | |
| **Current** | | | | |
| Accounts payable (note 5) | $ 238,000 | $ ---- | $ 238,000 | $ 169,297 |
| Accrued salaries and vacation payable | 439,444 | ---- | 439,444 | 359,975 |
| Deferred revenue (note 6) | 1,477,560 | ---- | 1,477,560 | 1,296,977 |
| | 2,155,004 | ---- | 2,155,004 | 1,826,249 |
| **FUND BALANCES** | | | | |
| Invested in capital assets | ---- | 2,617,927 | 2,617,927 | 2,786,714 |
| Internally restricted as reserves (note 7) | 404,044 | ---- | 404,044 | 457,745 |
| Unrestricted | 629,402 | ---- | 629,402 | 146,886 |
| | 1,033,446 | 2,617,927 | 3,651,373 | 3,391,345 |
| | $ 3,188,450 | $ 2,617,927 | $ 5,806,377 | $ 5,217,594 |

APPROVED BY THE BOARD:

_______________________ DIRECTOR

_______________________ DIRECTOR

See accompanying notes.

STATEMENT 2.

## NORTHLANDS COLLEGE

## STATEMENT OF OPERATIONS

### Year ended June 30, 1999

| | Operating Fund | | | Capital Fund | | Total | |
|---|---|---|---|---|---|---|---|
| | (Note 9) Budget | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Revenues (schedule 1) | | | | | | | |
| Saskatchewan Post Secondary Education and Skills Training | $ 6,528,423 | **$ 7,161,073** | $ 6,641,617 | **$ ----** | $ ---- | **$ 7,161,073** | $ 6,641,617 |
| Federal Government | 764,931 | **875,794** | 712,626 | **----** | ---- | **875,794** | 712,626 |
| Other revenue | 906,464 | **2,022,033** | 1,588,117 | **24,896** | 6,999 | **2,046,929** | 1,595,116 |
| Total revenues | 8,199,818 | **10,058,900** | 8,942,360 | **24,896** | 6,999 | **10,083,796** | 8,949,359 |
| Expenses (schedule 2) | | | | | | | |
| Contractual and professional services | 1,266,919 | **2,599,720** | 2,679,353 | **----** | ---- | **2,599,720** | 2,679,353 |
| Rentals | 509,863 | **571,524** | 503,609 | **----** | ---- | **571,524** | 503,609 |
| Repairs and maintenance | 244,385 | **183,197** | 235,479 | **----** | ---- | **183,197** | 235,479 |
| Amortization | ---- | **----** | ---- | **319,660** | 254,179 | **319,660** | 254,179 |
| Operating expense (schedule 3) | 1,213,174 | **1,502,025** | 1,389,458 | **----** | ---- | **1,502,025** | 1,389,458 |
| Personal services | 5,060,928 | **4,647,642** | 4,034,745 | **----** | ---- | **4,647,642** | 4,034,745 |
| Total expenses | 8,295,269 | **9,504,108** | 8,842,644 | **319,660** | 254,179 | **9,823,768** | 9,096,823 |
| **Excess (deficiency) of revenues over expenses** | $ (95,451) | **$ 554,792** | $ 99,716 | **$ (294,764)** | $ (247,180) | **$ 260,028** | $ (147,464) |

See accompanying notes.

STATEMENT 3.

## NORTHLANDS COLLEGE

## STATEMENT OF CHANGES IN FUND BALANCES

### Year ended June 30, 1999

| | Invested in capital assets | Internally restricted as reserves | Unrestricted | 1999 | 1998 |
|---|---|---|---|---|---|
| Fund balances, beginning of year | $ 2,786,714 | $ 457,745 | $ 146,886 | **$ 3,391,345** | $ 3,538,809 |
| Excess (deficiency) of revenues over expenses | (294,764) | — | 554,792 | **260,028** | (147,464) |
| Investment in capital assets | 125,977 | — | (125,977) | — | — |
| Appropriated to/(from) reserves | — | (53,701) | 53,701 | — | — |
| Fund balance, end of year | $ 2,617,927 | $ 404,044 | $ 629,402 | **$ 3,651,373** | $ 3,391,345 |

See accompanying notes.

STATEMENT 4.

## NORTHLANDS COLLEGE

## STATEMENT OF CASH FLOW

### Year ended June 30, 1999

| | Operating fund | | Capital fund | | Total | |
|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| **Cash Provided by (used in)** | | | | | | |
| **Operating activities** | | | | | | |
| Excess (deficiency) of revenues over expenses | $ 554,792 | $ 99,716 | $ (294,764) | $ (247,180) | $ 260,028 | $ (147,464) |
| Changes in non-cash working capital | | | | | | |
| Accounts receivable | 37,509 | 139,268 | — | — | 37,509 | 139,268 |
| Prepaid expense | 927 | 312 | — | — | 927 | 312 |
| Payables | 148,172 | (265,090) | — | — | 148,172 | (265,090) |
| Deferred revenue | 180,583 | 674,435 | — | — | 180,583 | 674,435 |
| | 921,983 | 648,641 | (294,764) | (247,180) | 627,219 | 401,461 |
| **Investing activities** | | | | | | |
| Purchase of capital assets | — | — | (181,811) | (69,686) | (181,811) | (69,686) |
| Proceeds on disposal of capital assets | — | — | 55,834 | 9,274 | 55,834 | 9,274 |
| | — | — | (125,977) | (60,412) | (125,977) | (60,412) |
| **Financing activities** | | | | | | |
| Non-cash charges against revenue | | | | | | |
| -amortization of capital assets | — | — | 319,660 | 254,179 | 319,660 | 254,179 |
| -gain on disposal of capital assets | — | — | (24,896) | (6,999) | (24,896) | (6,999) |
| | — | — | 294,764 | 247,180 | 294,764 | 247,180 |
| Net increase (decrease) during year | 921,983 | 648,641 | (125,977) | (60,412) | 796,006 | 588,229 |
| Interfund transfers | (125,977) | (60,412) | 125,977 | 60,412 | — | — |
| **Cash, beginning of year** | 1,907,759 | 1,319,530 | — | — | 1,907,759 | 1,319,530 |
| **Cash, end of year** | $ 2,703,765 | $ 1,907,759 | $ — | $ — | $ 2,703,765 | $ 1,907,759 |

See accompanying notes.

# NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

## 1. Purpose and authority

Northlands College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of Northlands College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

### a) Fund accounting

The accounts of Northlands College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funding groups:

i) Operating fund

The operating fund consists of those revenues and expenses relating to the general operations of the College.

ii) Capital fund

The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

### b) Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

## NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### June 30, 1999

### 2. Significant accounting policies (continued)

#### c) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Buildings and trailers | 5% to 10% |
| Leasehold improvements | 6.67% |
| Equipment, furniture and fixtures | 10% to 33% |

### 3. Accounts receivable

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 89,948 | $ 152,782 |
| Government of Saskatchewan - Other | 26,558 | 37,604 |
| Federal Government | 29,848 | 62,571 |
| Other | 307,367 | 238,273 |
| | $ 453,721 | $ 491,230 |

### 4. Capital assets

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Land | $ 11,503 | $ ---- | $ 11,503 | $ 12,003 |
| Buildings and trailers | 3,575,874 | 1,236,775 | 2,339,099 | 2,539,278 |
| Leasehold improvements | 124,972 | 33,326 | 91,646 | 99,978 |
| Equipment, furniture and fixtures | 724,851 | 549,172 | 175,679 | 135,455 |
| | $ 4,437,200 | $ 1,819,273 | $ 2,617,927 | $ 2,786,714 |

## NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### June 30, 1999

### 5. Accounts payable

Accounts payable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 4,892 | $ 16,840 |
| Government of Saskatchewan - other | 41,124 | 12,122 |
| Federal government | 17,931 | 49,922 |
| Other | 174,053 | 90,413 |
| | $ 238,000 | $ 169,297 |

### 6. Deferred revenue

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 1,331,914 | $ 1,048,049 |
| Federal Government | 90,733 | 248,928 |
| Other | 54,913 | — |
| | $ 1,477,560 | $ 1,296,977 |

### 7. Restrictions on net assets

The Board of Directors of Northlands College has placed internal restrictions on $404,044. (1998 - $457,745) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. A separate schedule details the internal restrictions and the individual amounts under each restriction.

## NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### June 30, 1999

### 8. Commitments

The College is currently leasing certain land and buildings under leases which expire at various dates to May 1, 2024. Annual rentals under the leases for each of the next five years are as follows:

| | |
|---|---|
| 2000 | - $57,390. |
| 2001 | - $11,985. |
| 2002 | - $ 150. |
| 2003 | - $ 150. |
| 2004 | - $ 150. |

In addition, the College is currently leasing certain land and buildings under leases which are on a month to month basis at $16,184 per month.

### 9. Budget amounts

The budget was prepared by College management with Board approval given on June 18, 1998. Ministerial approval was received December 28, 1998.

### 10. Related party transactions

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at agreed rates with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

| | 1999 | 1998 |
|---|---|---|
| Sask Tel | $ 122,498 | $ 90,451 |
| Sask Power | 66,732 | 79,759 |
| Saskatchewan Property Management Corporation | 349,164 | 357,202 |
| | $ 538,394 | $ 527,412 |

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

The College receives long distance telephone service between major centers from Sask Tel, a related party, at reduced rates available to government agencies.

The College brokers course programs from Saskatchewan Institute of Applied Science and Technology (SIAST) based on negotiated rates. The amount expended during the year amounted to $705,524. As at year end, $1,020. (1998 - $3,441.) was receivable from and nil (1998 - $8,170.) was payable to SIAST.

## NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### June 30, 1999

### 11. Financial instruments

a) The carrying amount of cash, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

### 12. Pensions

Employees of the College participate in one of three pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, either the Teachers' Superannnuation Plan (TSP) which is administered by the Teachers' Superannuation Commission or the Saskatchewan Teachers' Retirement Plan (STRP) which is administered by the Saskatchewan Teachers' Federation. The College has no financial obligation to TSP or STRP. Eligible employees contribute to TSP or STRP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the financial obligations of the TSP and the STRP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The College's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $124,902. (1998 - $113,414.).

### 13. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## NORTHLANDS COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

### June 30, 1999

### 14. Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

### 15. Comparative information

Certain 1998 balances have been reclassified to conform with the current year's presentation.

SCHEDULE 1.

## NORTHLANDS COLLEGE

## SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION

### Year ended June 30, 1999

| | Administration | Programming | | | | | Support Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Revenue | Community and Individual Development | Adult Basic Education | Vocational Technical | University Credit | Other | Career Services | Student Services | 1999 Total | (Note 9) 1999 Budget | 1998 Total |
| **Saskatchewan Post-Secondary Education and Skills Training** | | | | | | | | | | | |
| Administration recovery | $ 577,869 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 577,869 | $ 472,496 | $ 585,726 |
| Base grant | 1,469,987 | — | — | — | — | — | — | — | 1,469,987 | 1,244,400 | 1,244,400 |
| Program payments | — | — | 1,939,045 | 1,747,771 | 170,419 | 585,628 | 103,099 | — | 4,545,962 | 4,232,921 | 4,073,553 |
| Other | 2,457 | — | 210,556 | 173,118 | — | — | 110,282 | 70,842 | 567,255 | 578,606 | 737,938 |
| | 2,050,313 | — | 2,149,601 | 1,920,889 | 170,419 | 585,628 | 213,381 | 70,842 | 7,161,073 | 6,528,423 | 6,641,617 |
| **Federal Government** | | | | | | | | | | | |
| Administration recovery | 94,021 | — | — | — | — | — | — | — | 94,021 | 46,756 | 73,583 |
| Seat purchases | — | — | 149,253 | 291,223 | — | — | — | — | 440,476 | 8,187 | 497,873 |
| Projects | — | — | — | 92,895 | — | — | — | — | 92,895 | 198,328 | — |
| Other | — | — | 194,954 | 53,448 | — | — | — | — | 248,402 | 511,660 | 141,170 |
| | 94,021 | — | 344,207 | 437,566 | — | — | — | — | 875,794 | 764,931 | 712,626 |
| **Other** | | | | | | | | | | | |
| Administrative recovery | 396,425 | — | — | — | — | 50,169 | — | — | 446,594 | 42,375 | 647,307 |
| Contracts | — | 5,058 | 56,061 | 403,218 | 53,248 | — | — | — | 517,585 | 4,000 | — |
| Interest and dividends | 145,745 | — | — | — | — | — | — | — | 145,745 | 56,700 | 90,111 |
| Rent | 185,546 | — | — | — | — | — | — | — | 185,546 | 120,981 | 185,572 |
| Resale items | — | — | 326 | 62,182 | 11,172 | — | — | — | 73,680 | 30,000 | 39,409 |
| Tuition | — | 43,270 | 2,400 | 203,478 | 2,768 | — | — | — | 251,916 | 135,000 | 138,630 |
| Other | 388,618 | 2,567 | 3,635 | 339 | 5,808 | — | — | — | 400,967 | 517,408 | 487,088 |
| | 1,116,334 | 50,895 | 62,422 | 669,217 | 72,996 | 50,169 | — | — | 2,022,033 | 906,464 | 1,588,117 |
| Total revenues | 3,260,668 | 50,895 | 2,556,230 | 3,027,672 | 243,415 | 635,797 | 213,381 | 70,842 | 10,058,900 | 8,199,818 | 8,942,360 |
| Total expenses (schedule 2) | 2,648,545 | 26,309 | 2,104,062 | 3,207,937 | 235,702 | 272,548 | 583,997 | 425,008 | 9,504,108 | 8,295,269 | 8,842,644 |
| **Excess (deficiency) of revenues over expenses** | $ 612,123 | $ 24,586 | $ 452,168 | $ (180,265) | $ 7,713 | $ 363,249 | $(370,616) | $(354,166) | $ 554,792 | $ (95,451) | $ 99,716 |

SCHEDULE 2.

## NORTHLANDS COLLEGE

## SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION

Year ended June 30, 1999

| | General Administration | | | Programming | | | | | Support Services | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Board | Administrative | Organizational | Community and Individual Development | Adult Basic Education | Vocational Technical | University Credit | Other | Career Services | Student Services | 1999 Total | (Note 9) 1999 Budget | 1998 Total |
| Contractural and professional services | $ 22,875 | $ 47,199 | $ 32,286 | $ 13,359 | $ 355,732 | $ 1,719,576 | $ 49,775 | $ 242,714 | $ 54,342 | $ 61,862 | $ 2,599,720 | $ 1,266,919 | $ 2,679,353 |
| Rentals | — | 13,740 | 262,414 | 120 | 98,252 | 165,326 | 6,110 | — | 16,608 | 8,954 | 571,524 | 509,863 | 503,609 |
| Repairs & maintenance | 97 | 24,465 | 47,507 | — | 28,461 | 51,831 | 2,195 | 3,938 | 479 | 24,224 | 183,197 | 244,385 | 235,479 |
| Operating (schedule 3) | 62,124 | 199,977 | 251,533 | 10,282 | 282,786 | 464,518 | 45,911 | 25,896 | 59,162 | 99,836 | 1,502,025 | 1,213,174 | 1,389,458 |
| Personnel services | 39,302 | 753,219 | 891,807 | 2,548 | 1,338,831 | 806,686 | 131,711 | — | 453,406 | 230,132 | 4,647,642 | 5,060,928 | 4,034,745 |
| | $ 124,398 | $ 1,038,600 | $ 1,485,547 | $ 26,309 | $ 2,104,062 | $ 3,207,937 | $ 235,702 | $ 272,548 | $ 583,997 | $ 425,008 | $ 9,504,108 | $ 8,295,269 | $ 8,842,644 |

SCHEDULE 3.

## NORTHLANDS COLLEGE

## SCHEDULE OF OPERATING EXPENSES

### Year ended June 30, 1999

| | 1999 | 1998 |
|---|---|---|
| Advertising | $ 57,542 | $ 49,207 |
| Association fees and dues | 15,224 | 2,446 |
| Bad debts | 19,671 | 16,748 |
| Bank charges and interest | 174 | 199 |
| Computer software | 36,136 | 20,430 |
| Conference and training fees | 33,469 | 5,928 |
| Equipment purchase | 64,766 | 101,951 |
| Insurance | 50,309 | 49,502 |
| Materials and supplies | 246,455 | 244,736 |
| Postage, freight and courier | 30,398 | 27,039 |
| Printing and duplicating | 70,365 | 58,710 |
| Resale items | 87,518 | 37,046 |
| Subscriptions | 5,836 | 5,784 |
| Telephone and fax | 114,428 | 97,191 |
| Travel | 301,255 | 388,326 |
| Utilities | 202,833 | 239,198 |
| Other | 165,646 | 45,017 |
| | $ 1,502,025 | $ 1,389,458 |

**SCHEDULE 4.**

## NORTHLANDS COLLEGE
## SCHEDULE OF RESERVE TRANSACTIONS
### Year ended June 30, 1999

| | Balance beginning of year | Appropriations from unrestricted net assets | Transfers to unrestricted net assets | **Balance end of year** |
|---|---|---|---|---|
| Building fund | $ 28,904 | $ 11,096 | $ ---- | **$ 40,000** |
| Building maintenance fund | 145,781 | 14,177 | (10,000) | **149,958** |
| Computer fund | 68,387 | 11,613 | (22,574) | **57,426** |
| Mineral sector training fund | 52,673 | ---- | (1,499) | **51,174** |
| Employment equity fund | 75,000 | ---- | ---- | **75,000** |
| Training and education fund | 87,000 | ---- | (56,514) | **30,486** |
| | $ 457,745 | $ 36,886 | $ (90,587) | **$ 404,044** |

***Skilnick Robertson Besler Miller & Co.***
***Chartered Accountants***

## PARKLAND REGIONAL COLLEGE

## AUDITORS' REPORT

## 1999.

The Members of the Board
Parkland Regional College
MELVILLE, Saskatchewan

We have examined the statement of financial position of the Parkland Regional College as at June 30, 1999 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year then ended. The college is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles.

Skilnick Robertson Besler Miller & Co.
SKILNICK ROBERTSON BESLER MILLER & CO.
Chartered Accountants

Melville, Saskatchewan
September 3, 1999

STATEMENT 1

## PARKLAND REGIONAL COLLEGE
## STATEMENT OF FINANCIAL POSITION
## AS AT JUNE 30, 1999.

| | 1999 CAPITAL FUND | 1999 OPERATING FUND | 1999 TOTAL | 1998 TOTAL |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT ASSETS | | | | |
| Cash and temporary investments | $ 120,000 | $ 926,781 | $1,046,781 | $ 628,711 |
| Accounts receivable (Note 3) | | 201,546 | 201,546 | 435,688 |
| Prepaid expenses | | 17,918 | 17,918 | 4,670 |
| Advance - Yorkton Regional High School (Note 11) | | 70,421 | 70,421 | 137,994 |
| | 120,000 | 1,216,666 | 1,336,666 | 1,207,063 |
| CAPITAL ASSETS (Note 4) | 694,989 | | 694,989 | 763,465 |
| | $ 814,989 | $1,216,666 | $2,031,655 | $1,970,528 |
| **LIABILITIES AND FUND BALANCE** | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued liabilities (Note 5) | | $ 208,038 | $ 208,038 | $ 68,118 |
| Accrued holiday pay | | 60,256 | 60,256 | 34,210 |
| Deferred revenue (Notes 2 & 6) | | 171,775 | 171,775 | 307,795 |
| | | $ 440,069 | $ 440,069 | $ 410,123 |
| FUND BALANCES | | | | |
| Invested in capital assets | $ 694,989 | | $ 694,989 | $ 883,465 |
| Internally restricted as Reserves (Note 14) | 120,000 | 164,000 | 284,000 | Nil |
| Unrestricted | | 612,597 | 612,597 | 676,940 |
| | 814,989 | 776,597 | 1,591,586 | 1,560,405 |
| | $ 814,989 | $1,216,666 | $2,031,655 | $1,970,528 |

Approved by the Board:

L. S. Pearson Director

Director

See Accompanying Notes

STATEMENT 2

## PARKLAND REGIONAL COLLEGE
## STATEMENT OF OPERATIONS
## FOR THE YEAR ENDED JUNE 30, 1999.

| | OPERATING | | | CAPITAL | | TOTAL | |
|---|---|---|---|---|---|---|---|
| | BUDGET (Note 7) | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| REVENUES (Schedule 1) | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | $3,193,228 | $3,764,373 | $2,487,505 | | $307,255 | $3,764,373 | $2,794,760 |
| Federal Government | 426,235 | 530,856 | 467,327 | | | 530,856 | 467,327 |
| Other revenue | 1,260,026 | 1,351,944 | 1,416,320 | | 350,000 | 1,351,944 | 1,766,320 |
| Total Revenues | 4,879,489 | 5,647,173 | 4,371,152 | Nil | 657,255 | 5,647,173 | 5,028,407 |
| EXPENSES (Schedule 2) | | | | | | | |
| Contractual and Professional Services | 1,836,201 | 2,110,533 | 1,270,306 | | | 2,110,533 | 1,270,306 |
| Rentals | 268,763 | 170,771 | 179,433 | | | 170,771 | 179,433 |
| Repairs and maintenance | 33,950 | 45,113 | 31,738 | | | 45,113 | 31,738 |
| Amortization | | | | 141,099 | 58,904 | 141,099 | 58,904 |
| Operating expenses (Schedule 3) | 448,190 | 514,643 | 441,443 | | | 514,643 | 441,443 |
| Personal services | 2,343,460 | 2,633,833 | 2,015,880 | | | 2,633,833 | 2,015,880 |
| Total expenses | 4,930,564 | 5,474,893 | 3,938,800 | 141,099 | 58,904 | 5,615,992 | 3,997,704 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | $( 51,075) | $ 172,280 | $ 432,352 | $( 141,099) | $ 598,351 | $ 31,181 | $1,030,703 |

See Accompanying Notes

# PARKLAND REGIONAL COLLEGE
## STATEMENT OF CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 1999.

| | INVESTED IN CAPITAL ASSETS | INTERNALLY RESTRICTED ASSETS | UNRESTRICTED | 1999 | 1998 |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 883,465 | Nil | $ 676,940 | $1,560,405 | 529,702 |
| Excess (deficiency) of revenue over expenses | (141,099) | | 172,280 | 31,181 | 1,030,703 |
| Interfund transfers | 72,623 | | ( 72,623) | Nil | Nil |
| Appropriated to reserves | (120,000) | 284,000 | (164,000) | Nil | Nil |
| | $ 694,989 | $ 284,000 | $ 612,597 | $1,591,586 | $1,560,405 |

See Accompanying Notes

STATEMENT 4

## PARKLAND REGIONAL COLLEGE
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 1999.

| | 1999 | 1998 |
|---|---|---|
| **CASH FROM OPERATING ACTIVITIES** | | |
| Excess (deficiency) of revenue over expenses | $ 172,280 | $ 432,352 |
| Net change in non-cash working capital | 318,413 | 52,674 |
| | 490,693 | 485,026 |
| **INVESTING ACTIVITIES** | | |
| Purchase of capital assets | ( 72,623) | (666,860) |
| **FINANCING ACTIVITIES** | | |
| Capital contributions received | Nil | 657,255 |
| Increase (decrease) in cash during year | 418,070 | 475,421 |
| Cash and temporary investments at the beginning of the year | 628,711 | 153,290 |
| Cash and temporary investments at the end of the year | $1,046,781 | $ 628,711 |

See Accompanying Notes

SCHEDULE 1

## PARKLAND REGIONAL COLLEGE
## SCHEDULE OF OPERATING FUND REVENUES BY FUNCTION
## FOR THE YEAR ENDED JUNE 30, 1999.

| | ADMINISTRATION | PROGRAMMING | | | | SUPPORT SERVICES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | GENERAL REVENUE | COMMUNITY & INDIVIDUAL DEVELOPMENT | ADULT BASIC EDUCATION | VOCATIONAL TECHNICAL | UNIVERSITY CREDIT | CAREER SERVICES | STUDENT SERVICES | 1999 TOTAL | BUDGET (Note 7) | 1998 |
| Post-Secondary Education and Skills Training | | | | | | | | | | |
| Admin Recovery | $ 154,066 | $ | $ | $ | $ | $ | $ | $ 154,066 | $ 130,100 | $ 250,091 |
| Base Grant | 1,060,199 | | | | | | | 1,060,199 | 781,740 | 768,444 |
| Outreach Fund | 169,840 | | | | | | | 169,840 | 169,840 | 169,840 |
| Program Payments | 20,000 | | 946,446 | 1,413,822 | | | | 2,380,268 | 1,146,666 | 1,299,130 |
| Other | | | | | | | | Nil | 964,882 | Nil |
| | 1,404,105 | Nil | 946,446 | 1,413,822 | Nil | Nil | Nil | 3,764,373 | 3,193,228 | 2,487,505 |
| Federal Government | | | | | | | | | | |
| Admin Recovery | | | | | | | | Nil | Nil | 73,882 |
| Seat Purchases | | | 158,498 | 134,247 | | | | 292,745 | 94,788 | 183,376 |
| Projects | | | | 238,111 | | | | 238,111 | 331,447 | 210,069 |
| | Nil | Nil | 158,498 | 372,358 | Nil | Nil | Nil | 530,856 | 426,235 | 467,327 |
| Other | | | | | | | | | | |
| Admin Recovery | | | | | | | | Nil | Nil | 23,376 |
| Contracts | | 23,190 | 149,282 | 375,869 | | 24,192 | | 572,533 | 493,569 | 788,948 |
| Interest | 61,761 | | | | | | | 61,761 | 16,000 | 31,780 |
| Rents | 9,236 | | | | | | | 9,236 | 14,000 | 25,554 |
| Resale items | | 8,120 | 3,119 | 46,646 | | 1,788 | | 59,673 | 14,200 | 25,519 |
| Tuition | | 62,434 | 24,052 | 270,360 | 255,384 | 570 | | 612,800 | 612,982 | 521,143 |
| Other | 18,943 | | | | 8,106 | 8,892 | | 35,941 | 109,275 | Nil |
| | 89,940 | 93,744 | 176,453 | 692,875 | 263,490 | 35,442 | Nil | 1,351,944 | 1,260,026 | 1,416,320 |
| TOTAL REVENUE | 1,494,045 | 93,744 | 1,281,397 | 2,479,055 | 263,490 | 35,442 | Nil | 5,647,173 | 4,879,489 | 4,371,152 |
| TOTAL EXPENSES (Schedule 2) | 1,704,712 | 60,202 | 1,079,751 | 2,213,510 | 288,242 | 128,476 | Nil | 5,474,893 | 4,930,564 | 3,938,800 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | $ (210,667) | $ 33,542 | $ 201,646 | $ 265,545 | $ ( 24,752) | $ ( 93,034) | $ Nil | $ 172,280 | $ ( 51,075) | $ 432,352 |

See Accompanying Notes

SCHEDULE 2

## PARKLAND REGIONAL COLLEGE
## SCHEDULE OF OPERATING FUND EXPENSES BY FUNCTION
## FOR THE YEAR ENDED JUNE 30, 1999.

| | GENERAL ADMINISTRATION | | | PROGRAMMING | | | | SUPPORT SERVICES | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | BOARD | ADMINISTRATIVE | ORGANIZATIONAL | COMMUNITY & INDIVIDUAL DEVELOPMENT | BASIC EDUCATION | VOCATIONAL TECHNICAL | UNIVERSITY CREDIT | CAREER SERVICES | STUDENT SERVICES | 1999 TOTAL | BUDGET (Note 7) | 1998 |
| Contractual and Professional Services | | $ 42,821 | $ 3,960 | $ 18,208 | $ 128,944 | $1,743,095 | $ 173,505 | $ | $ | $2,110,533 | $1,836,201 | $1,270,306 |
| Rentals | | 81,932 | 35,153 | 2,635 | 11,349 | 38,961 | 741 | | | 170,771 | 268,763 | 179,433 |
| Repairs and Maintenance | | 4,019 | 39,439 | | 1,655 | | | | | 45,113 | 33,950 | 31,738 |
| Operating (Schedule 3) | 23,602 | 45,594 | 194,558 | 8,882 | 81,499 | 125,050 | 20,875 | 14,583 | | 514,643 | 448,190 | 441,443 |
| Personal Services | 16,105 | 274,722 | 942,807 | 30,477 | 856,304 | 306,404 | 93,121 | 113,893 | | 2,633,833 | 2,343,460 | 2,015,880 |
| | $ 39,707 | $ 449,088 | $1,215,917 | $ 60,202 | $1,079,751 | $2,213,510 | $ 288,242 | $ 128,476 | $ Nil | $5,474,893 | $4,930,564 | $3,938,800 |

See Accompanying Notes

## PARKLAND REGIONAL COLLEGE

SCHEDULE 3

## SCHEDULE OF OPERATING EXPENSES

## FOR THE YEAR ENDED JUNE 30, 1999.

| | 1999 | 1998 |
|---|---:|---:|
| Advertising | $ 36,519 | $ 26,392 |
| Association fees and dues | 7,208 | 6,801 |
| Bad debts | 11,256 | Nil |
| Bank charges and interest | 860 | 526 |
| Minor equipment purchases | 272 | 333 |
| Conference and training fees | 18,697 | 14,970 |
| Insurance | 12,864 | 12,573 |
| Materials and supplies | 182,077 | 124,061 |
| Postage, freight and courier | 11,478 | 21,947 |
| Printing and duplicating | 14,738 | 20,674 |
| Subscriptions | 1,568 | 907 |
| Telephone and fax | 64,262 | 55,255 |
| Travel | 98,172 | 98,749 |
| Utilities | 54,672 | 56,100 |
| Other | Nil | 2,155 |
| Total | $ 514,643 | $ 441,443 |

See Accompanying Notes

# PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 1. PURPOSE AND AUTHORITY

The Parkland Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

The Board of the Parkland Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

The College's objectives are to promote the social, economic and cultural development of the Parkland region of Saskatchewan by facilitating learning options and participating in community groups.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

#### Fund Accounting

The accounts of the College are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

Operating Fund
The operating fund consists of those revenues and expenses relating to the general operations of the College.

Capital Fund
The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

#### Revenue recognition

The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund in the year they are received or receivable.

Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

(Continued on next page)

## PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 2. SIGNIFICANT ACCOUNTING POLICIES ... Continued

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Leasehold improvements | 5% to 20% |
| Buildings | 5% |
| Office furnishing/equipment | 10% to 20% |
| Computer hardware | 33% |

### 3. ACCOUNTS RECEIVABLE

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 58,181 | $ 146,779 |
| Government of Saskatchewan - Other | 30,571 | 120,463 |
| Federal government | 8,481 | 44,706 |
| Other | 104,313 | 123,740 |
| | $ 201,546 | $ 435,688 |

### 4. CAPITAL ASSETS

| | COST | ACCUMULATED AMORTIZATION | 1999 NET BOOK VALUE | 1998 NET BOOK VALUE |
|---|---|---|---|---|
| Land | $ 14,000 | $ Nil | $ 14,000 | $ 14,000 |
| Leasehold improvements | 379,939 | 136,278 | 243,661 | 234,712 |
| Buildings | 359,715 | 36,707 | 323,008 | 340,994 |
| Office furnishings/ equipment | 172,696 | 116,810 | 55,886 | 65,074 |
| Computer hardware | 401,167 | 342,733 | 58,434 | 108,685 |
| | $1,327,517 | $ 632,528 | $ 694,989 | $ 763,465 |

### 5. ACCOUNTS PAYABLE

Accounts payable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Government of Saskatchewan - Other | $ 15,838 | $ 5,423 |
| Federal government | 247 | 15,493 |
| Other | 191,953 | 47,202 |
| | $ 208,038 | $ 68,118 |

(Continued on next page)

# PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 6. DEFERRED REVENUE

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 154,537 | $ 268,330 |
| Federal government | Nil | 28,458 |
| Other | 15,000 | Nil |
| Student tuitions | 2,238 | 11,007 |
| | $ 171,775 | $ 307,795 |

### 7. BUDGET AMOUNTS

The budget was prepared by regional college management with Board approval given on June 22, 1998. Ministerial approval was received December 18, 1998.

### 8. RELATED PARTY TRANSACTIONS

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at prevailing market prices, except for transactions with Sask Property Management Corporation which are conducted at the standard rates charged by the corporation. These various Saskatchewan Crown-controlled departments, agencies and corporations are related to the College by virtue of its economic interest with the Government of Saskatchewan.

Expenses for related party transactions during the year were as follows:

| | 1999 | 1998 |
|---|---|---|
| Sask Tel expenses | $ 66,863 | $ 61,531 |
| Sask Power and Energy expenses | 53,667 | 53,499 |
| Sask Property Management expenses | 42,523 | 24,670 |
| | $ 163,053 | $ 139,700 |

In addition, the College pays Provincial Sales Tax to the Saskatchewan Department of Finance on all taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The College delivers various training and educational programs with funding provided by Government organizations. During the year the college earned funding from the following:

| | 1999 | 1998 |
|---|---|---|
| New Careers Corporation | $ 56,701 | $ 81,213 |
| SIAST | 56,196 | 36,164 |
| Saskatchewan Communications Network | 105,500 | 102,875 |

(Continued on next page)

## PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 8. RELATED PARTY TRANSACTIONS ... Continued

The College brokerages course programs from SIAST. The amount incurred during the year amounted to $683,039 (1998 - 399,583).

The College brokerages course programs from the University of Saskatchewan. The amount incurred during the year amounted to $147,718 (1998 - $121,755).

Account balances from these transactions are included in the statement of financial position and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

### 9. FINANCIAL INSTRUMENTS

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued liabilities and accrued holiday pay approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

### 10. PENSIONS

Employees of the college participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The college has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $62,627 (1998 - $41,402).

### 11. ADULT EDUCATION AGREEMENT - YORKTON REGIONAL HIGH SCHOOL

The College and Yorkton Regional High School are parties to an agreement covering the provision of adult education classes through the facilities of the school. Terms of the agreement provide that course program and administration is the responsibility of the school. Financial responsibility for the program offered is provided by the College supported by funding from Saskatchewan Post-Secondary Education & Skills Training. Under the terms of the agreement deficits are the responsibility of the College.

(Continued on next page)

## PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 12. LINE OF CREDIT AGREEMENT

The College has an established line of credit up to $200,000 with the Royal Bank of Canada, Melville, Saskatchewan. Security for advances under the agreement consists of an assignment of grant proceeds due from Saskatchewan Post-Secondary Education & Skills Training.

### 13. LEASE AGREEMENTS

The College is obligated under the following lease agreements.

Instructional Facilities

- Central School, Fort Qu'Appelle, Saskatchewan, under a ten year lease which expired May 31, 1998. The agreement covers use of the school building and grounds with annual rental at $1. Terms provide for the College to pay annual operating costs and to be responsible for minor renovations. The agreement contains an option to renew at the end of the initial lease term.

- Simpson School, Yorkton, Saskatchewan. The transfer of building and property is presently being negotiated and is subject to Saskatchewan Post-Secondary Education and Skills Training approval.

Offices

- Administration office and classrooms located in the Melville Comprehensive School, Melville, Saskatchewan, under a ten year lease which expires August 15, 2008. Terms of the lease provide for annual rental of $50,000 plus applicable taxes.

- Branch office and classrooms, Canora, Saskatchewan, located in the Senior Elementary School, under a two year lease which expired July 31, 1994 has been renewed on a yearly basis to June 30, 1999 under an informal agreement with the Town of Canora. Terms of the lease provide for annual rental of $9,825.

Equipment

- Xerox Canada covering 6 photocopiers at various locations until March 26, 2003. Terms of the lease call for annual rental payments of $20,212 plus taxes.

- IBM Canada covering annual maintenance on computer equipment at approximately $2,168 including taxes.

### 14. RESTRICTION ON NET ASSETS

The Board of Directors of Parkland Regional College have placed internal restrictions on $284,000 of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

(Continued on next page)

# PARKLAND REGIONAL COLLEGE
## NOTES TO FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 1999.

### 15. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

(Continued from previous page)

Gilchrist & Co.

CERTIFIED MANAGEMENT ACCOUNTANTS

## AUDITOR'S REPORT

To the Members of the Board
of the Prairie West Regional College

We have audited the statement of financial position of the Prairie West Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and changes in financial position for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Gilchrist & Co.

Certified Management Accountant

Rosetown, Saskatchewan
September 21, 1999

## PRAIRIE WEST REGIONAL COLLEGE

### Statement of Financial Position

June 30, 1999

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Operating | Capital | Total | Total |
| **Assets:** | | | | |
| **Current assets:** | | | | |
| Cash | $ 1,200,762 | - | 1,200,762 | 1,103,410 |
| Accounts receivable (note 3) | 150,942 | - | 150,942 | 250,856 |
| Prepaid expense | 17,437 | - | 17,437 | 33,979 |
| | 1,369,141 | - | 1,369,141 | 1,388,245 |
| Capital assets (note 4) | - | 268,498 | 268,498 | 307,600 |
| | $ 1,369,141 | 268,498 | 1,637,639 | 1,695,845 |
| **Liabilities:** | | | | |
| **Current liabilities:** | | | | |
| Accounts payable (note 5) | $ 54,674 | - | 54,674 | 486,365 |
| Accrued salaries and vacation payable | 61,415 | - | 61,415 | 63,588 |
| Deferred revenue (note 6) | 684,737 | - | 684,737 | 322,232 |
| | 800,826 | - | 800,826 | 872,185 |
| **Fund Balances:** | | | | |
| Invested in capital assets | - | 268,498 | 268,498 | 307,600 |
| Externally restricted | - | - | - | - |
| Internally restricted as reserves (note 7) | 205,000 | - | 205,000 | 205,000 |
| Unrestricted | 363,315 | - | 363,315 | 311,060 |
| | $ 1,369,141 | 268,498 | 1,637,639 | 1,695,845 |

APPROVED:

Chairman

See accompanying notes to financial statements

## PRAIRIE WEST REGIONAL COLLEGE

### Statement of Operations

For the year ended June 30, 1999

| | Operating | | | Capital | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | (Note 8) Budget | 1999 | 1998 | (Note 8) Budget | 1999 | 1998 | (Note 8) Budget | 1999 | 1998 |
| Revenues (Schedule 1) | | | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | $ 1,970,409 | 1,873,550 | 2,122,750 | - | - | - | 1,970,409 | 1,873,550 | 2,122,750 |
| Federal Government | 192,000 | 549,005 | 402,797 | - | - | - | 192,000 | 549,005 | 402,797 |
| Other Revenue | 690,708 | 786,550 | 594,427 | - | - | - | 690,708 | 786,550 | 594,427 |
| Total revenues | 2,853,117 | 3,209,105 | 3,119,974 | - | - | - | 2,853,117 | 3,209,105 | 3,119,974 |
| Expenses (Schedule 2) | | | | | | | | | |
| Contractual and Professional Serv. | 869,329 | 810,604 | 1,076,823 | - | - | - | 869,329 | 810,604 | 1,076,823 |
| Rentals | 247,047 | 257,113 | 222,425 | - | - | - | 247,047 | 257,113 | 222,425 |
| Repairs and Maintenance | 19,700 | 5,592 | 11,912 | - | - | - | 19,700 | 5,592 | 11,912 |
| Amortization | - | - | - | 88,600 | 101,122 | 82,763 | 88,600 | 101,122 | 82,763 |
| Operating Expenses (Schedule 3) | 417,038 | 456,176 | 372,791 | - | - | - | 417,038 | 456,176 | 372,791 |
| Personal Services | 1,298,806 | 1,570,387 | 1,181,358 | - | - | - | 1,298,806 | 1,570,387 | 1,181,358 |
| (Gain) loss on disposal of fixed assets | - | - | - | - | (5,042) | 13,325 | - | (5,042) | 13,325 |
| Total expenses | 2,851,920 | 3,099,872 | 2,865,309 | 88,600 | 96,080 | 96,088 | 2,940,520 | 3,195,952 | 2,961,397 |
| Excess (deficiency) of revenue over expenses | 1,197 | 109,233 | 254,665 | (88,600) | (96,080) | (96,088) | (87,403) | 13,153 | 158,577 |

See accompanying notes to financial statements

# PRAIRIE WEST REGIONAL COLLEGE

## Statement of Changes in Fund Balance

For the year ended June 30, 1999

| | Invested in Capital assets | Externally restricted assets | Internally restricted assets | Unrestricted | 1999 | 1998 |
|---|---|---|---|---|---|---|
| Balance at beginning of year | $ 307,600 | - | 205,000 | 311,060 | 823,660 | 665,083 |
| Excess (deficiency) of revenue over expenses | (96,080) | - | - | 109,233 | 13,153 | 158,577 |
| Appropriated to reserves | - | - | - | - | - | - |
| Interfund transfers | 56,978 | - | - | (56,978) | - | - |
| Balance at end of year | $ 268,498 | - | 205,000 | 363,315 | 836,813 | 823,660 |

See accompanying notes to the financial statements

# PRAIRIE WEST REGIONAL COLLEGE

## Statement of Changes in Financial Position

For the year ended June 30, 1999

| | | 1999 | 1998 |
|---|---|---|---|
| **Cash from operating activities:** | | | |
| Excess of revenue over expenses | $ | 13,153 | 158,577 |
| Add: | | | |
| Amortization | | 101,122 | 82,763 |
| (Gain) loss on sale of fixed assets | | (5,042) | 13,325 |
| Net change in non-cash working capital | | 45,097 | 475,228 |
| | | 154,330 | 729,893 |
| **Investing activities** | | | |
| Purchase of capital assets | | (62,020) | (185,774) |
| Proceeds from disposal of capital assets | | 5,042 | 23,490 |
| | | (56,978) | (162,284) |
| Increase in cash during year | | 97,352 | 567,609 |
| Cash at beginning of year | | 1,103,410 | 535,801 |
| Cash at end of year | $ | 1,200,762 | 1,103,410 |

See accompanying notes to financial statements

## PRAIRIE WEST REGIONAL COLLEGE

### Notes to Financial Statements

For the year ended June 30, 1999

1. **Purpose and Authority**

   The Prairie West Regional College offers educational services and programs under the authority of Section 14 of The Regional Colleges Act.

   The Board of the Prairie West Regional College is responsible for administering and managing the educational affairs of the College in accordance with the intent of The Regional Colleges Act and its regulations.

2. **Significant Accounting Policies**

   The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

   (a) Fund Accounting

   The accounts of the college are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

   (1) Operating Fund

   The operating fund consists of those revenues and expenses relating to the general operations of the College.

   (2) Capital Fund

   The capital fund reflects the equity of the College in capital assets after taking into consideration any associated long term debt. The capital fund consists of transfers and donations designated for capital purposes by the contributor, net of the annual amortization expense.

   (b) Revenue recognition

   The College follows the restricted fund method of accounting for grants. Restricted transfers related to general operations are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Transfers restricted for capital assets are recognized as revenue of the capital fund when received or receivable.

   Unrestricted operating transfers are recognized as revenue of the operating fund when received or receivable. Tuition and fee revenue is recognized as the course instruction is delivered. Revenue from contractual services is recognized as the service is delivered.

## PRAIRIE WEST REGIONAL COLLEGE

Notes to Financial Statements

For the year ended June 30, 1999

(c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged on a straight-line basis over the estimated useful lives of the assets at the following rates, and is reported as an expense in the capital fund:

| | |
|---|---|
| Buildings | 5% |
| Furniture | 10% |
| Office equipment | 20% |
| Machinery | 20% |
| Computer equipment | 33% |

### 3. **Accounts Receivable**

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ 14,099 | 109,960 |
| Government of Saskatchewan - other | 1,017 | 1,345 |
| Regional Colleges | 14,853 | 15,484 |
| S.I.A.S.T. | 8,313 | 2,265 |
| Federal government | 32,705 | - |
| Other | 79,955 | 121,802 |
| | $ 150,942 | 250,856 |

### 4. **Capital Assets**

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 33,000 | - | 33,000 | 33,000 |
| Buildings | 181,910 | 79,952 | 101,958 | 111,054 |
| Furniture | 38,242 | 7,566 | 30,676 | 30,608 |
| Office equipment | 65,788 | 59,160 | 6,627 | 8,836 |
| Machinery | 157,812 | 147,460 | 10,352 | 20,704 |
| Computer equipment | 358,058 | 272,174 | 85,885 | 103,398 |
| | $ 834,810 | 566,312 | 268,498 | 307,600 |

# PRAIRIE WEST REGIONAL COLLEGE

Notes to Financial Statements

For the year ended June 30, 1999

## 5. Accounts Payable

Accounts payable are composed of the following:

| | | 1999 | 1998 |
|---|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ | - | 46,499 |
| Government of Saskatchewan - Other | | 515 | 22,148 |
| S.I.A.S.T. | | 4,279 | 117,917 |
| Regional Colleges | | 551 | 2,503 |
| Federal government | | 157 | 52,517 |
| Other | | 49,172 | 244,781 |
| | $ | 54,674 | 486,365 |

## 6. Deferred Revenue

Deferred revenue consists of transfers received to carry out specific activities in excess of the expenses incurred on those activities at the end of the fiscal year as follows:

| | | 1999 | 1998 |
|---|---|---|---|
| Saskatchewan Post-Secondary Education and Skills Training | $ | 682,777 | 316,779 |
| Federal Government | | - | 4,010 |
| Other | | 1,960 | 1,443 |
| | $ | 684,737 | 322,232 |

## 7. Restrictions on Assets

The Board of Directors of Prairie West Regional College has placed internal restrictions on $205,000 (1998 - $205,000) of unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. The following schedule details the internal restrictions and the individual amounts under each restriction:

| | | 1999 | 1998 |
|---|---|---|---|
| Capital purchases | $ | - | 85,000 |
| Education leave | | - | 45,000 |
| Bargaining/Compensation | | - | 65,000 |
| Special projects | | - | 10,000 |
| Unspecified unforseen events | | 205,000 | - |
| | $ | 205,000 | 205,000 |

# PRAIRIE WEST REGIONAL COLLEGE

Notes to Financial Statements

For the year ended June 30, 1999

## 8. Budget Amounts

The budget was prepared by regional college management with Board approval given on May 31, 1998. Ministerial approval was received December 18, 1998.

## 9. Related Party Transactions

Included in these financial statements are revenue and expense amounts resulting from routine transactions with related parties. These transactions are conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which the College is related by virtue of its economic interest with the Government of Saskatchewan.

The College received payments from a related party, Saskatchewan Communications Network Corp. totalling $ 86,000 (1998 - $ 84,000).

The College brokered the following course sessions during the year:

| | 1999 | 1998 |
|---|---|---|
| S.I.A.S.T. | $ 386,450 | 384,810 |

Payments to other related parties include:

| | 1999 | 1998 |
|---|---|---|
| Municipal Employees Pension Plan | $ 43,297 | 33,486 |
| Sask Power & Sask Energy | 24,342 | 23,005 |
| Sask Property Management Corp. | 47,225 | 37,086 |
| Sask Tel | 57,426 | 53,142 |
| University of Saskatchewan | 46,708 | 34,921 |
| | $ 218,998 | 181,640 |

Account balances from these transactions are included in the balance sheet and are settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these financial statements.

The College receives long distance telephone services from Sask Tel, a related party, at reduced rates available to government agencies.

## PRAIRIE WEST REGIONAL COLLEGE

Notes to Financial Statements

For the year ended June 30, 1999

### 10. Financial Instruments

(a) The carrying amount of cash, accounts receivable, accounts payable and accrued salaries and vacation payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing, or certainty of future cash flows.

(b) The College is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the College's receivables are from the provincial and federal government, therefore, credit risk is minimal.

### 11. Pensions

Employees of the College participate in one of two pension plans. Teachers and other employees holding a teaching certificate participate in a defined benefit plan, the Teachers' Superannuation Plan (TSP) which is administered by the Teachers' Superannuation Commission. The College has no financial obligation to TSP. Eligible employees contribute to TSP for their current service. No matching contribution is made by the Board. The General Revenue Fund is responsible for the financial obligations of the TSP. All other employees participate through Municipal Employees' Pension Plan (MEPP) which is also a multi-employer defined benefit plan. The last actuarial valuation of the MEPP indicated there was a surplus in the plan. The college's financial obligation to the MEPP is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $43,297 (1998 - $33,486).

### 12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. The accounting system used by Prairie West Regional College is able to recognize the 2000 date when all four digits are entered and management feels, after testing, they are Year 2000 ready.

At this time, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be resolved.

### PRAIRIE WEST REGIONAL COLLEGE
### Schedule of Operating Fund Revenues by Function
### For the year ended June 30, 1999

Schedule 1

| | Administration | Programming | | | | Support Services | | Totals | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | General Revenue | Non-Credit | Adult Basic Education | Vocational Technical | University Credit | Career Services | Student Services | 1999 | Budget | 1998 |
| **Post-Secondary Education and Skills training** | | | | | | | | | | |
| Admin. Recovery | $ 104,000 | - | - | - | - | - | - | 104,000 | 104,000 | 96,220 |
| Base Grant | 774,308 | - | - | - | - | 69,594 | - | 843,902 | 662,700 | 621,712 |
| Outreach Fund | - | - | 15,366 | - | 155,932 | - | - | 171,298 | 168,030 | 168,030 |
| Program payments | - | - | 179,739 | 512,595 | - | 392 | - | 692,726 | 514,585 | 407,323 |
| Other | 20,210 | 810 | 21,614 | 4,420 | - | 14,570 | - | 61,624 | 521,094 | 829,465 |
| | 898,518 | 810 | 216,719 | 517,015 | 155,932 | 84,556 | - | 1,873,550 | 1,970,409 | 2,122,750 |
| **Federal Government:** | | | | | | | | | | |
| Admin. Recovery | - | - | - | - | - | - | - | - | - | - |
| Seat Purchases | - | - | - | 457,000 | - | 51,934 | - | 508,934 | 180,000 | 374,110 |
| Projects | - | - | - | - | - | - | - | - | - | - |
| Other | - | 21,861 | 18,210 | - | - | - | - | 40,071 | 12,000 | 28,687 |
| | - | 21,861 | 18,210 | 457,000 | - | 51,934 | - | 549,005 | 192,000 | 402,797 |
| **Other:** | | | | | | | | | | |
| Admin. Recovery | - | - | - | - | - | - | - | - | - | - |
| Contracts | 88,978 | 65,758 | 32,473 | 17,697 | 825 | - | - | 205,731 | 100,000 | 169,211 |
| Interest | 57,967 | - | - | - | - | - | - | 57,967 | 15,000 | 33,558 |
| Rents | 2,097 | 1,710 | - | - | - | - | - | 3,807 | 2,000 | 3,466 |
| Resale Items | 648 | 43,162 | 1,641 | 50,062 | 5,610 | 20 | - | 101,143 | 56,250 | 68,791 |
| Tuitions | - | 159,962 | 3,029 | 254,345 | - | 18 | - | 417,354 | 507,458 | 299,223 |
| Other | 335 | - | - | - | - | 213 | - | 548 | 10,000 | 20,178 |
| | 150,025 | 270,592 | 37,143 | 322,104 | 6,435 | 251 | - | 786,550 | 690,708 | 594,427 |
| Total revenue | 1,048,543 | 293,263 | 272,072 | 1,296,119 | 162,367 | 136,741 | - | 3,209,105 | 2,853,117 | 3,119,974 |
| Total expense (Schedule 2) | 1,617,450 | 191,212 | 195,208 | 896,531 | 60,553 | 138,918 | - | 3,099,872 | 2,851,920 | 2,865,309 |
| Excess (deficiency) of revenue over expenses | $ (568,907) | 102,051 | 76,864 | 399,588 | 101,814 | (2,177) | - | 109,233 | 1,197 | 254,665 |

# PRAIRIE WEST REGIONAL COLLEGE

Schedule of Operating Fund Expenses by Function

For the year ended June 30, 1999

Schedule 2

| | | General Administration | | | Programming | | | | Support Services | | Totals | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Board | Administrative | Organizational | Community & Individual Develop. | Adult Basic Education | Vocational Technical | University Credit | Career Services | Student Services | 1999 | Budget | 1998 |
| Contractual and Professional services | $ | - | 35,272 | 7,748 | 99,110 | 39,977 | 560,523 | 48,133 | 19,841 | - | 810,604 | 869,329 | 1,076,823 |
| Rentals | | 65 | 22,076 | 116,977 | 17,298 | 16,011 | 73,564 | 4,454 | 6,668 | - | 257,113 | 247,047 | 222,425 |
| Repairs and maintenance | | - | 1,206 | 2,942 | 61 | - | 1,383 | - | - | - | 5,592 | 19,700 | 11,912 |
| Operating (Schedule 3) | | 5,866 | 112,263 | 105,988 | 60,458 | 16,494 | 137,071 | 7,966 | 10,070 | - | 456,176 | 417,038 | 372,791 |
| Personal services | | 15,417 | 393,163 | 798,467 | 14,285 | 122,726 | 123,990 | - | 102,339 | - | 1,570,387 | 1,298,806 | 1,181,358 |
| Total expenditures | $ | 21,348 | 563,980 | 1,032.122 | 191,212 | 195,208 | 896,531 | 60,553 | 138,918 | - | 3,099,872 | 2,851,920 | 2,865,309 |

See accompanying notes to financial statements

## PRAIRIE WEST REGIONAL COLLEGE

### Schedule of Operating Expenditures

For the year ended June 30, 1999

Schedule 3

| | 1999 | 1998 |
|---|---|---|
| Operating Expenses | | |
| Advertising | $ 32,466 | 20,186 |
| Association Fees and Dues | 6,909 | 6,900 |
| Bad Debts | 3,752 | 647 |
| Bank Charges and Interest | 1,297 | 1,094 |
| Computer Software | 3,604 | 6,513 |
| Equipment Purchases (u. $500) | 10,451 | 28,207 |
| Conference and Training fees | 16,513 | 14,240 |
| Insurance | 8,850 | 8,451 |
| Materials and Supplies | 89,702 | 59,902 |
| Postal, Freight and Courier | 22,514 | 13,650 |
| Printing and Duplicating | 16,255 | 13,107 |
| Resale Items | 102,744 | 75,352 |
| Subscriptions | 3,801 | 728 |
| Telephone and Fax | 57,169 | 53,142 |
| Travel | 49,033 | 39,862 |
| Utilities | 24,779 | 23,005 |
| Other | 6,337 | 7,805 |
| Total | $ 456,176 | 372,791 |

See accompanying notes to financial statements

KPMG LLP
Chartered Accountants

# AUDITORS' REPORT TO THE BOARD OF GOVERNORS

We have audited the statement of financial position of Saskatchewan Indian Regional College (Operating as the Saskatchewan Indian Institute of Technologies) as at June 30, 1999 and the statements of operations, changes in net assets and cash flows for the year then ended. The college is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the college as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Saskatchewan

September 24, 1999

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Financial Position

June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 2,444,026 | $ 855,197 |
| Accounts receivable (note 4) | 630,239 | 852,775 |
| Prepaid expenses | 27,358 | 50,366 |
| | 3,101,623 | 1,758,338 |
| Deposit on building purchase (note 11) | 350,000 | - |
| Capital assets (schedule 1) | 882,049 | 1,082,315 |
| | $ 4,333,672 | $ 2,840,653 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 5) | $ 1,024,610 | $ 1,182,448 |
| Deferred revenue (note 6) | 2,250,104 | 386,577 |
| Current portion of obligation under capital lease (note 7) | 201,200 | 184,500 |
| | 3,475,914 | 1,753,525 |
| Obligations under capital lease (note 7) | 60,391 | 175,723 |
| Deferred contributions (note 8) | 30,720 | 38,400 |
| Net assets: | | |
| Net assets invested in capital assets (note 9) | 589,738 | 683,692 |
| Net assets internally restricted (note 10) | 50,829 | 96,203 |
| Unrestricted net assets | 126,080 | 93,110 |
| | 766,647 | 873,005 |
| Subsequent event (note 11) | | |
| Commitments (note 12) | | |
| | $ 4,333,672 | $ 2,840,653 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Operations

Year ended June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| Revenue (schedule 2): | | |
| Institutional programs and operations | $ 6,675,087 | $ 6,517,264 |
| Contract training | 819,190 | 893,936 |
| Contract projects | 1,278,426 | 1,162,257 |
| Other | 52,600 | 34,543 |
| | 8,825,303 | 8,608,000 |
| Expenditures (schedule 3): | | |
| Institutional operations | 1,324,965 | 1,070,783 |
| Institutional programs | 5,424,291 | 5,550,326 |
| Contract training | 825,671 | 900,540 |
| Contract projects | 1,356,734 | 1,118,535 |
| | 8,931,661 | 8,640,184 |
| Deficiency of revenue over expenditures | $ (106,358) | $ (32,184) |

See accompanying notes to financial statements.

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Changes in Net Assets

Year ended June 30, 1999, with comparative figures for 1998

| | Invested in capital assets | Internally Restricted | Unrestricted | 1999 Total | 1998 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 683,692 | $ 96,203 | $ 93,110 | $ 873,005 | $ 905,189 |
| Excess (deficiency) of revenue over expenditures | (365,632) | – | 259,274 | (106,358) | (32,184) |
| Internally imposed restrictions (note 10) | – | (45,374) | 45,374 | – | – |
| Investment in capital assets | 271,678 | – | (271,678) | – | – |
| Balance, end of year | $ 589,738 | $ 50,829 | $ 126,080 | $ 766,647 | $ 873,005 |

See accompanying notes to financial statements.

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Statement of Cash Flows

Year ended June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| Cash flows from (used in): | | |
| Operations: | | |
| Deficiency of revenue over expenditures | $ (106,358) | $ (32,184) |
| Items not involving cash: | | |
| Amortization | 373,312 | 378,930 |
| Amortization of deferred contributions | (7,680) | (9,600) |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 222,536 | (356,724) |
| Prepaid expenses | 23,008 | (2,196) |
| Accounts payable and accrued liabilities | (157,838) | 97,809 |
| Deferred revenue | 1,863,527 | 36,574 |
| | 2,210,507 | 112,609 |
| Financing: | | |
| Obligations under capital lease | (98,632) | 251,477 |
| Deferred contributions | – | 48,000 |
| | (98,632) | 299,477 |
| Investments: | | |
| Purchase of capital assets | (74,689) | (271,132) |
| Proceeds on disposal of capital assets | 8,575 | 17,927 |
| Deposit on building purchase | (350,000) | – |
| Acquisition of capital leases | (106,932) | (428,609) |
| | (523,046) | (681,814) |
| Increase (decrease) in cash | 1,588,829 | (269,728) |
| Cash, beginning of year | 855,197 | 1,124,925 |
| Cash, end of year | $ 2,444,026 | $ 855,197 |

See accompanying notes to financial statements.

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements

Year ended June 30, 1999

## 1. Purpose of the organization:

The Saskatchewan Indian Regional College (the "College"), operating as the Saskatchewan Indian Institute of Technologies, provides academic and career education and training to First Nations adults in Saskatchewan. It is mandated under the Saskatchewan Indian Institute of Technologies Act of the Federation of Saskatchewan Indian Nations Legislative Assembly and the Regional Colleges Act of the Province of Saskatchewan.

## 2. Accounting principles and policies:

The College's financial statements have been prepared in accordance with generally accepted accounting principles and reflect the following significant policies:

(a) Use of estimates:

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. Actual results may differ from these estimates.

(b) Revenue recognition:

The College follows the deferral method of accounting for revenue. Funding for operational and program expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Funding designated for capital assets and projects is deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual training and projects is recognized as the service is delivered.

Revenue from tuition and fees is recognized as the course instruction is delivered.

(c) Capital assets and amortization:

Capital assets are recorded at cost. The net assets invested in capital assets represents the cumulative cost of assets, less accumulated amortization and financing.

Amortization is provided to charge the cost of capital assets to operations over their estimated useful lives and is calculated using the following methods and rates:

| Assets (schedule 1) | Amortization method | Rate / Term |
|---|---|---|
| Automotive equipment | Declining balance | 30% |
| Office furniture and equipment | Declining balance | 20% |
| Course equipment | Declining balance | 20% |
| Leasehold improvements | Declining balance | 20% |
| Computer software | Straight - line | 2 years |

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

## 3. Related party transactions:

The following are related parties of Saskatchewan Indian Regional College because they are First Nations entities:

- Federation of Saskatchewan Indians, Inc. ("FSIN")
- Saskatchewan Indian Training Assessment Group Inc. ("SITAG")
- Saskatchewan Indian Gaming Authority ("SIGA")
- Saskatchewan First Nations and Tribal Councils
- Saskatchewan Indian Cultural Centre ("SICC")
- Saskatchewan Indian Federated College ("SIFC")

Saskatchewan Institute of Applied Science and Technology ("SIAST") and Sask Tel are related parties of Saskatchewan Indian Regional College as the members of the Board of Directors for each of the organizations are appointed by the Lieutenant Governor in Council for the Province of Saskatchewan.

Amounts payable to or receivable from related parties are separately disclosed in the financial statements. Other significant transactions with related parties during the year were primarily for program expenditures and class rental with total expenditures as follows:

| | 1999 | 1998 |
|---|---:|---:|
| Saskatchewan First Nations and Tribal Councils | $ 1,194,769 | $ 1,155,874 |
| SIAST | 182,778 | 910,882 |
| FSIN | 68,579 | 59,585 |
| SIFC | 400 | – |

Revenues received from related parties were primarily for program purchases and tuition with total revenue as follows:

| | 1999 | 1998 |
|---|---:|---:|
| SITAG | $ 4,338,625 | $ 3,492,237 |
| Saskatchewan First Nations and Tribal Councils | 973,303 | 1,782,604 |
| Sask Tel | 280,156 | 315,265 |
| Post Secondary Education and Skills Training - Province of Saskatchewan | 173,333 | 110,323 |
| FSIN | 71,448 | 48,467 |
| SIGA | 31,078 | – |
| SIAST | – | 6,665 |

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

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## 4. Accounts receivable:

| | 1999 | 1998 |
|---|---|---|
| External: | | |
| Goods and services tax | $ 57,796 | $ 29,450 |
| Trade | 21,754 | 39,801 |
| Staff/board advances | 11,176 | 8,617 |
| Health and Welfare Canada | 3,395 | 51,475 |
| Human Resources Development Canada | 2,428 | – |
| Related parties: | | |
| SITAG | 318,932 | – |
| First Nations and Tribal Councils | 72,062 | 559,176 |
| FSIN | 69,729 | 15,798 |
| Sask Tel | 32,981 | 28,362 |
| Post Secondary Education and Skills Training - Province of Saskatchewan | 31,415 | 29,569 |
| SIGA | 8,071 | 5,976 |
| SICC | 500 | 1,000 |
| SIAST | – | 127,222 |
| | 630,239 | 896,446 |
| Less: allowance for doubtful accounts | – | 43,671 |
| | $ 630,239 | $ 852,775 |

## 5. Accounts payable and accrued liabilities:

| | 1999 | 1998 |
|---|---|---|
| External: | | |
| Trade payables and accrued liabilities | $ 579,778 | $ 546,910 |
| Province of Saskatchewan | 2,870 | – |
| Related parties: | | |
| First Nations and Tribal Councils | 400,154 | 215,718 |
| FSIN | 25,373 | – |
| Sask Tel | 13,875 | 3,046 |
| SIAST | 2,560 | 127,417 |
| SITAG | – | 289,357 |
| | $ 1,024,610 | $ 1,182,448 |

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

## 6. Deferred revenue:

The following program revenues are to be applied against program expenditures to be made subsequent to June 30, 1999:

| | 1999 | 1998 |
|---|---|---|
| Aboriginal Employment Development (Human Resources Development Canada) | $ 1,646,083 | $ – |
| Capacity Building Project (Human Resources Development Canada) | 234,762 | – |
| Accreditation Project (Human Resources Development Canada) | 123,812 | – |
| Operational funding (Indian and Northern Affairs Canada) | 120,000 | 120,000 |
| Pre-Transfer Health (Medical Services Branch) | 27,673 | – |
| Firefighter Training (Indian and Northern Affairs Canada) | 20,995 | 9,089 |
| Orientation to Day Care (FSIN) | 16,848 | – |
| Scholarship Funding: | | |
| Fundraising - scholarships | 13,342 | – |
| Event registrations | 13,900 | – |
| Sask Tel | 1,500 | 4,500 |
| Sask Energy | – | 2,500 |
| NNADAP (Medical Services Branch) | 11,501 | 54,370 |
| Health Sciences (Peter Ballantyne Cree Nation) | 8,666 | 14,093 |
| Fundraising - Campus Building | 6,296 | 2,207 |
| Management Training (Regina Urban) | 3,346 | 22,317 |
| Electronics (Sask Tel) | 1,300 | – |
| Life Skills - Yorkton Tribal Council | 80 | – |
| Curriculum Development (Human Resources Development Canada) | – | 75,215 |
| Training Assessment Session (Metis Employment and Training Centre) | – | 57,144 |
| Adult Basic Education Programs: | | |
| Buffalo River First Nation | – | 10,383 |
| FSIN | – | 2,317 |
| English River First Nation | – | 1,805 |
| RCMP Training (Prince Albert Grand Council) | – | 7,462 |
| Tuition | – | 3,175 |
| | $ 2,250,104 | $ 386,577 |

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1998

## 7. Obligation under capital leases:

| | 1999 | 1998 |
|---|---|---|
| Obligation under capital leases, beginning of year | $ 360,223 | $ 108,746 |
| Additions during the year | 106,932 | 428,609 |
| Repayments during the year | (205,564) | (177,132) |
| Obligation under capital leases, end of year | 261,591 | 360,223 |
| Less current portion | 201,200 | 184,500 |
| | $ 60,391 | $ 175,723 |

Minimum lease payments under the capital leases are as follows:

| | |
|---|---|
| 2000 | $ 203,810 |
| 2001 | 49,050 |
| 2002 | 20,510 |
| 2003 | 5,640 |
| 2004 | 4,230 |
| Total minimum lease payments | 283,240 |
| Less amount representing future interest | 21,649 |
| Net obligation under capital leases | $ 261,591 |

Interest rates on the leases range from 6.75% to 14.5%. Interest expensed during the year amounted to $22,794 (1998-$27,413).

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

## 8. Deferred contributions:

Deferred contributions represent amounts received from Aboriginal Business Canada relating to capital asset acquisitions for the Call Centre. These amounts are being recognized as revenue on the same basis as the related assets are being amortized as set out in note 2.

## 9. Net assets invested in capital assets:

Net assets invested in capital assets is comprised of:

| | 1999 | 1998 |
|---|---|---|
| Net book value of capital assets | $ 882,049 | $ 1,082,315 |
| Purchase of capital assets financed by: | | |
| Deferred contributions | (30,720) | (38,400) |
| Obligations under capital leases | (261,591) | (360,223) |
| Net assets invested in capital assets | $ 589,738 | $ 683,692 |

## 10. Net assets internally restricted:

| | 1999 | 1998 |
|---|---|---|
| Net assets internally restricted, start of year | $ 96,203 | $ 48,628 |
| Current year appropriation for: | | |
| Legal fees | – | 50,000 |
| Current year expenditures on: | | |
| Legal fees | (18,625) | – |
| Campus facility design and development | (26,749) | (2,425) |
| Net assets invested in capital assets | $ 50,829 | $ 96,203 |

## 11. Subsequent Event:

The College entered into an agreement to purchase the Churchill Building on 4th Avenue South in Saskatoon for $3,200,000 effective July 1, 1999. $350,000 has been advanced on the purchase as at June 30, 1999 and the remainder will be financed under an agreement for sale at 7.75%.

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

## 12. Commitments:

The College has commitments under operating leases over the next five years as follows:

| | |
|---|---|
| 2000 | $ 212,967 |
| 2001 | 139,900 |
| 2002 | 113,555 |
| 2003 | 99,147 |
| 2004 | – |
| | $ 565,569 |

## 13. Budgeted figures:

Approved budgeted revenue and expenditures for the current fiscal year are as follows:

| | (unaudited) |
|---|---|
| Revenue: | |
| Institutional programs and operations | $ 7,113,262 |
| Contract training | 2,552,000 |
| Contract projects | 1,233,000 |
| | 10,898,262 |
| Expenditures: | |
| Institutional operations | 1,323,613 |
| Institutional programs | 6,023,578 |
| Contract training | 2,552,000 |
| Contract projects | 1,233,000 |
| | 11,132,191 |
| Budgeted excess of expenditures over revenue | $ (233,929) |

## 14. Pension Plan:

The College has a defined contribution pension plan for the benefit of its employees. Membership in the plan is mandatory for eligible employees and employee contributions are matched equally by the College up to 7.5% of salary. The College's contribution to the plan was $183,598 in 1999 (1998 - $17,652). Annual contributions by the College are recorded as expenditures in the statement of operations.

## 15. Financial assets and liabilities:

Cash, accounts receivable and accounts payable and accrued liabilities are all short-term in nature and as such their carrying value approximates fair value.

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Notes to Financial Statements - continued

Year ended June 30, 1999

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## 16. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the College's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## 17. Comparative figures

Certain of the prior year's figures used for comparative purposes have been reclassified to conform to the current year's presentation.

Schedule 1

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Capital Assets

June 30, 1999, with comparative figures for 1998

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Office furniture | $ 226,672 | $ 175,297 | $ 51,375 | $ 220,225 | $ 162,454 | $ 57,771 |
| Office equipment | 370,392 | 254,963 | 115,429 | 344,516 | 226,106 | 118,410 |
| Automotive equipment | 104,668 | 84,317 | 20,351 | 122,168 | 84,520 | 37,648 |
| Course equipment | 1,327,223 | 1,010,895 | 316,328 | 1,300,847 | 931,813 | 369,034 |
| Computer software | 113,229 | 108,261 | 4,968 | 103,293 | 98,019 | 5,274 |
| Leasehold improvements | 315,521 | 203,514 | 112,007 | 309,467 | 175,512 | 133,955 |
| Assets under capital lease | 670,007 | 408,416 | 261,591 | 563,076 | 202,853 | 360,223 |
| | $ 3,127,712 | $ 2,245,663 | $ 882,049 | $ 2,963,592 | $ 1,881,277 | $ 1,082,315 |

Schedule 2

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Revenue

Year ended June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| Institutional programs and operations: | | |
| SITAG | $ 3,812,641 | $ 3,121,128 |
| Indian and Northern Affairs Canada | 1,440,000 | 1,464,856 |
| First Nations and Tribal Councils: | | |
| Tuition fees | 599,032 | 477,108 |
| Direct purchases | 225,184 | 236,628 |
| Purchases under bilateral agreement | 149,087 | 1,069,308 |
| Province of Saskatchewan Construction Project | 170,911 | – |
| Tuition fees - unrelated | 122,566 | 79,970 |
| Human Resources Development Canada | 43,285 | – |
| Electronics Program: | | |
| Sask Tel | 35,000 | – |
| Wascana | 22,600 | – |
| SIGA | 28,000 | – |
| FSIN | 26,781 | 48,266 |
| SIAST (Future Skills) | – | 20,000 |
| | $ 6,675,087 | $ 6,517,264 |
| Contract training: | | |
| National Native Alcohol and Drug Abuse Program | $ 601,998 | $ 491,077 |
| Firefighter Training | 88,093 | 123,529 |
| Community Health Representative Training | 68,630 | 109,421 |
| Aboriginal Employment Development | 47,717 | – |
| Electronics Program | 12,752 | 84,377 |
| Health Careers Access | – | 72,532 |
| Human Resource Officer Orientation | – | 7,000 |
| Canada Mortgage Housing Corporation - Program Manager | – | 6,000 |
| | $ 819,190 | $ 893,936 |
| Contract projects: | | |
| SITAG Regional Co-ordination-Bilateral Agreement | $ 450,578 | $ 371,110 |
| Human Resources Development Officer: | | |
| Development Project | 311,637 | 331,426 |
| Accreditation Project | 16,188 | – |
| SIIT Call Centre Project | 266,745 | 330,353 |
| Youth Co-ordination Project | 67,404 | – |
| Labor Market Information Systems Project | | |
| Metis Employment and Training | 57,144 | 89,614 |
| Wide Area Network | 5,000 | – |
| Grand River Employment and Training | – | 2,928 |
| Aboriginal Head Start | 42,416 | – |
| FSIN Day Care Licensing and Orientation | 31,496 | – |
| Disabilities Program Planning | 10,000 | – |
| Provincial Training Strategy | 7,100 | 5,946 |
| MSB Pre-transfer Health Project | 6,077 | – |
| SIIT Campus Fundraising | 4,841 | – |
| ABE Multi-media Project | 1,800 | 6,665 |
| Pipeline Planning Project | – | 24,215 |
| | $ 1,278,426 | $ 1,162,257 |
| Other: | | |
| Interest | $ 51,801 | $ 29,219 |
| Miscellaneous | 799 | 5,324 |
| | $ 52,600 | $ 34,543 |

Schedule 3

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Expenditures by Function

Year ended June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| Institutional operations: | | |
| Institutional support | $ 760,069 | $ 597,944 |
| Operations and maintenance | 535,690 | 431,079 |
| Board | 137,347 | 110,983 |
| Amortization of capital assets | 103,235 | 111,901 |
| Cost recoveries | (211,376) | (181,124) |
| | $ 1,324,965 | $ 1,070,783 |
| Institutional programs: | | |
| Diploma programs | $ 3,261,086 | $ 2,626,994 |
| Program planning, development and coordination | 1,197,828 | 1,009,846 |
| Certificate and applied certificate programs | 472,231 | 818,236 |
| Academic preparation programs | 463,599 | 616,203 |
| Other career programs | 393,313 | 813,312 |
| Amortization of capital assets | 185,856 | 196,733 |
| Cost recoveries | (549,622) | (530,998) |
| | $ 5,424,291 | $ 5,550,326 |
| Contract training: | | |
| National Native Alcohol and Drug Abuse Program | $ 601,998 | $ 491,077 |
| Firefighter Training | 86,666 | 123,529 |
| Community Health Representative Training | 68,630 | 108,921 |
| Aboriginal Employment Development | 47,717 | – |
| Electronics Program | 12,752 | 84,377 |
| Health Careers Access | – | 72,024 |
| Canadian Mortgage Housing Corporation - Program Manager | – | 6,129 |
| Human Resource Officer Orientation | – | 5,256 |
| Amortization of capital assets | 7,908 | 9,227 |
| | $ 825,671 | $ 900,540 |
| Contract projects: | | |
| SITAG Regional Co-ordination-Bilateral Agreement | $ 430,919 | $ 364,168 |
| Human Resources Development Officer: | | |
| Development Project | 306,967 | 270,870 |
| Accreditation Project | 16,188 | – |
| SIIT Call Centre Project | 255,001 | 286,518 |
| Youth Co-ordination Project | 67,404 | – |
| Labor Market Information Systems Project: | | |
| Metis Employment and Training | 57,144 | 77,629 |
| Wide Area Network | 5,000 | - |
| Grand River Employment and Training | – | 950 |
| Aboriginal Head Start | 42,416 | – |
| FSIN Day Care Licensing and Distribution | 31,496 | – |
| SIIT Campus Development | 26,749 | – |
| Legal costs | 18,625 | – |
| Disabilities Program Planning | 9,540 | – |
| MSB Pre-transfer Health Project | 6,077 | – |
| SIIT Campus Fundraising | 4,841 | – |
| ABE Multi-media Project | 2,054 | 6,665 |
| Pipeline Planning Project | – | 24,215 |
| Provincial Training Strategy | – | 13,720 |
| Home care development project | – | 10,306 |
| Campus Development Project | – | 2,425 |
| Amortization of capital assets | 76,313 | 61,069 |
| | $ 1,356,734 | $ 1,118,535 |

Schedule 4

# SASKATCHEWAN INDIAN REGIONAL COLLEGE

Expenditures by Object

Year ended June 30, 1999, with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| Salaries | $ 4,352,572 | $ 3,382,840 |
| Contractual services | 1,300,338 | 2,312,939 |
| Facilities rent | 623,025 | 632,186 |
| Travel and sustenance | 600,090 | 413,073 |
| Employee benefits | 598,926 | 443,995 |
| Supplies | 215,499 | 170,542 |
| Trainee travel and sustenance | 201,119 | 249,059 |
| Coordination charges | 168,737 | 218,081 |
| Telephone | 162,170 | 154,008 |
| Administration charges | 155,908 | 188,604 |
| Reference materials | 143,877 | 83,890 |
| Vehicle and equipment rentals | 123,455 | 131,981 |
| Resource persons | 105,099 | 81,632 |
| Photocopying | 70,260 | 53,737 |
| Miscellaneous | 68,498 | 16,164 |
| Advertising | 55,421 | 48,639 |
| Board honoraria | 53,654 | 46,750 |
| Printing and binding | 34,308 | 40,534 |
| Audit and accounting fees | 31,900 | 30,481 |
| Janitorial | 26,403 | 29,401 |
| Board travel | 23,199 | 27,069 |
| Legal fees | 23,136 | 9,703 |
| Training-staff | 21,363 | 11,558 |
| Courier | 20,304 | 17,895 |
| Graduation | 19,695 | 31,255 |
| Insurance | 19,259 | 16,173 |
| Maintenance | 15,637 | 13,522 |
| Utilities | 11,998 | 10,465 |
| Training-students | 11,701 | 15,844 |
| Postage | 9,286 | 7,903 |
| Goods and services tax | 9,098 | 7,846 |
| Bad debts | 7,757 | 15,338 |
| Casual | 7,016 | 1,660 |
| Memberships | 6,778 | 4,758 |
| Furniture and major tools | 5,802 | 22,097 |
| Bank charges and interest | 5,402 | 4,523 |
| Repairs | 5,154 | 4,753 |
| Subscriptions | 2,653 | 3,173 |
| Equipment | 2,491 | 3,969 |
| Business development | 359 | 4,016 |
| Training allowances | – | 9,276 |
| Fuel | – | 1,526 |
| Storage | – | 518 |
| Total expense before recoveries and amortization | $ 9,319,347 | $ 8,973,376 |
| Amortization | 373,312 | 378,930 |
| Less Recoveries | (760,998) | (712,122) |
| | $ 8,931,661 | $ 8,640,184 |

# AUDITORS' REPORT TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

We have audited the statement of financial position of Saskatchewan Institute of Applied Science and Technology as at June 30, 1999 and the statements of operations, changes in net assets and cash flows for the year then ended. The Institute is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

| | |
|---|---|
| KPMG LLP | Wayne Strelioff |
| Chartered Accountants | Provincial Auditor |
| Saskatoon, Saskatchewan<br>August 11, 1999 | Regina, Saskatchewan<br>August 11, 1999 |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Financial Position

June 30, 1999 with comparative figures for 1998

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and short-term investments (note 3) | $ 17,985 | $ 12,146 |
| Accounts receivable (note 4) | 4,919 | 6,190 |
| Inventories (note 5) | 1,360 | 1,254 |
| Prepaid expenses | 318 | 319 |
| | 24,582 | 19,909 |
| Capital assets (note 6) | 15,843 | 15,960 |
| | $ 40,425 | $ 35,869 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 3,990 | $ 6,636 |
| Salaries and benefits payable | 6,355 | 6,394 |
| Unearned revenue (note 7) | 8,782 | 2,913 |
| Deferred grants (note 9) | 778 | 1,013 |
| Current portion of obligation under capital leases (note 8) | 194 | 317 |
| | 20,099 | 17,273 |
| Obligation under capital leases (note 8) | 213 | 169 |
| Deferred grants related to capital assets (note 9) | 7,346 | 7,133 |
| | 27,658 | 24,575 |
| **Net Assets** | | |
| Net assets invested in capital assets | 8,091 | 8,341 |
| Operating net assets: | | |
| Unrestricted | 3,827 | 2,533 |
| Internally restricted (note 10) | 849 | 420 |
| | 12,767 | 11,294 |
| Commitments (note 11) | | |
| | $ 40,425 | $ 35,869 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Operations

Year ended June 30, 1999 with comparative figures for 1998

(in thousands of dollars)

| | 1999 Budget | 1999 Actual | 1998 Actual |
|---|---|---|---|
| Revenue: | | | |
| Grants | $ 69,637 | $ 73,223 | $ 68,483 |
| Contractual services | 21,642 | 24,964 | 25,801 |
| Tuition and fees | 12,465 | 13,114 | 11,820 |
| Sales | 5,640 | 6,529 | 5,960 |
| Amortization of deferred capital grants | 877 | 1,102 | 1,004 |
| Interest | 556 | 820 | 760 |
| Rentals | 132 | 212 | 152 |
| Donations | 38 | 111 | 49 |
| | 110,987 | 120,075 | 114,029 |
| Expenditures: | | | |
| Salaries and benefits | 70,475 | 75,287 | 71,407 |
| Facilities rental | 15,375 | 15,214 | 14,926 |
| Materials and supplies | 8,987 | 9,777 | 9,537 |
| Services | 6,795 | 8,354 | 8,750 |
| Amortization | 4,427 | 4,467 | 4,247 |
| Travel | 2,504 | 3,094 | 2,476 |
| Equipment rental and repairs | 2,215 | 2,189 | 1,924 |
| Scholarships and donations | 209 | 220 | 226 |
| | 110,987 | 118,602 | 113,493 |
| Excess of revenue over expenditures before extraordinary item | – | 1,473 | 536 |
| Extraordinary item (note 13) | – | – | (44) |
| Excess of revenue over expenditures | $ – | $ 1,473 | $ 492 |

See accompanying notes to financial statements.

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Changes in Net Assets

Year ended June 30, 1999

(in thousands of dollars)

| | Invested in Capital Assets | Unrestricted | Internally Restricted | 1999 Total | 1998 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 8,341 | $ 2,533 | $ 420 | $ 11,294 | $ 10,802 |
| Excess (deficiency) of revenue over expenditures | (2,884) | 4,357 | – | 1,473 | 492 |
| Investment in capital assets | 2,634 | (2,634) | – | – | – |
| Internally imposed restrictions (note 10) | – | (429) | 429 | – | – |
| Balance, end of year | $ 8,091 | $ 3,827 | $ 849 | $ 12,767 | $ 11,294 |

See accompanying notes to financial statements.

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Statement of Cash Flows

Year ended June 30, 1999 with comparative figures for 1998

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| **Cash from operating activities** | | |
| Excess of revenue over expenditures | $ 1,473 | $ 492 |
| Amortization of capital assets | 4,467 | 4,247 |
| Amortization of deferred capital grants | (1,102) | (1,004) |
| Change in non-cash working capital (note 12) | 4,115 | (1,627) |
| Gain on sale of capital assets | (480) | – |
| Cash generated from operating activities | 8,473 | 2,108 |
| **Financing and investing activities** | | |
| Grants for purchase of capital assets | 1,315 | 3,471 |
| Repayments of obligation under capital leases | (300) | (420) |
| Increase in obligation under capital leases | 221 | – |
| Proceeds from sale of capital assets | 550 | – |
| Purchase of capital assets | (4,420) | (6,859) |
| Net cash used in financing and investing activities | (2,634) | (3,808) |
| Net increase (decrease) in cash and short-term investments | 5,839 | (1,700) |
| Cash and short-term investments, beginning of year | 12,146 | 13,846 |
| Cash and short-term investments, end of year | $ 17,985 | $ 12,146 |

See accompanying notes to financial statements.

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements

Year ended June 30, 1999

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## 1. Statutory authority:

Saskatchewan Institute of Applied Science and Technology (SIAST) was established as a public educational corporation by the Legislative Assembly of Saskatchewan under *The Institute Act* and is continued under *The Saskatchewan Institute of Applied Science and Technology Act*.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles, and include the following significant accounting policies:

(a) Revenue recognition:

SIAST follows the deferral method of accounting for grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditure is incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered. Revenue from tuition and fees is recognized as the course instruction is delivered.

(b) Inventories:

Inventories consist of merchandise and supplies held for resale and are valued at the lower of cost and net realizable value. Administrative and program supplies and library periodicals are not inventoried.

(c) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is charged to operations on the straight line basis over the following estimated useful lives of the assets:

| Asset | Period |
|---|---|
| Industrial and heavy equipment | 10 years |
| Furniture | 10 years |
| Office equipment, specialized equipment and library | 5 years |
| Vehicles | 8 years |
| Leasehold improvements: | |
| SPMC owned properties | 15 years |
| Other properties | Lease term |
| Computer equipment | 3 years |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

## 2. Significant accounting policies - continued:

(d) Use of estimates:

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. Actual results may differ from these estimates.

## 3. Cash and short-term investments:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Cash | $ 1,053 | $ 1,553 |
| Short-term promissory notes | 16,932 | 10,593 |
| | $ 17,985 | $ 12,146 |

The investment in short-term promissory notes is stated at cost which approximates market value.

## 4. Accounts receivable:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Tuition fees | $ 107 | $ 126 |
| Programs delivered | 1,511 | 1,519 |
| Federal government | 750 | 764 |
| Provincial government - General Revenue Fund | 1,856 | 2,156 |
| Other | 695 | 1,625 |
| | $ 4,919 | $ 6,190 |

## 5. Inventories:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Bookstores | $ 1,244 | $ 1,142 |
| Food services | 55 | 48 |
| Shop and service supplies | 61 | 64 |
| | $ 1,360 | $ 1,254 |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

## 6. Capital assets:

(in thousands of dollars)

| | | | 1999 | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net book Value | Net Book Value |
| Vehicles and equipment | $ 63,930 | $ 53,371 | $ 10,559 | $ 10,665 |
| Leasehold improvements | 7,461 | 2,177 | 5,284 | 5,295 |
| | $ 71,391 | $ 55,548 | $ 15,843 | $ 15,960 |

## 7. Unearned revenue:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Tuition and fees | $ 866 | $ 842 |
| Contractual services | 726 | 1,939 |
| Grants - operations and rent | 7,143 | – |
| Other | 47 | 132 |
| | $ 8,782 | $ 2,913 |

## 8. Obligation under capital leases:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Obligation under capital leases, beginning of year | $ 486 | $ 906 |
| Additions during the year | 221 | – |
| Repayments during the year | (300) | (420) |
| Obligation under capital leases, end of year | 407 | 486 |
| Less current portion | 194 | 317 |
| Long-term obligation under capital leases | $ 213 | $ 169 |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

## 8. Obligation under capital leases - continued:

Minimum lease payments under the capital leases are as follows:

| | | |
|---|---|---|
| 2000 | $ | 228 |
| 2001 | | 111 |
| 2002 | | 122 |
| 2003 | | 55 |
| 2004 | | 42 |
| Total minimum lease payments | | 558 |
| Less amount representing future interest | | 151 |
| Net obligation under capital leases | $ | 407 |

Interest rates on the leases range from 8.0% to 11.5%. Interest expensed during the year amounted to $39 (1998 - $48).

## 9. Deferred grants:

(in thousands of dollars)

| | Deferred Grants | | | |
|---|---|---|---|---|
| | Quick Skills | Capital Assets (Current) | 1999 Total | 1998 Total |
| Beginning balance | $ 581 | $ 432 | $ 1013 | $ 2,439 |
| Amount received | 1,698 | 320 | 2018 | 939 |
| Recognized as revenue in the year | (1,501) | (752) | (2258) | (2,365) |
| Ending balance | $ 778 | $ – | $ 778 | $ 1,013 |

Quick Skills deferred grants represent unspent grants which are restricted to the Quick Skills program. Under this program, the Department of Post-Secondary Education and Skills Training provides funding to enable SIAST to respond regionally to emerging skills shortages.

(in thousands of dollars)

| | Deferred Grants Related to Capital Assets | |
|---|---|---|
| | 1999 | 1998 |
| Balance, beginning of year | $ 7,133 | $ 4,666 |
| Amortization | (1,102) | (1,004) |
| Assets purchased | 1,315 | 3,471 |
| Balance, end of year | $ 7,346 | $ 7,133 |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

---

**10. Internally restricted net assets:**

(in thousands of dollars)

| | Equipment Renewal | Strategic Initiatives | 1999 Total | 1998 Total |
|---|---|---|---|---|
| Beginning balance | $ 194 | $ 226 | $ 420 | $ 383 |
| Current expenditures | (194) | – | (194) | (157) |
| Current restrictions | 623 | – | 623 | 194 |
| Ending balance | $ 623 | $ 226 | $ 849 | $ 420 |

**11. Commitments:**

SIAST has a number of operating lease commitments pertaining to land and buildings and equipment. The majority of land and buildings are leased on a continuing basis from the Saskatchewan Property Management Corporation (SPMC). The remaining land and buildings as well as the equipment are leased from various private lessors.

A summary of the future minimum operating lease commitments over the next five years is as follows:

(in thousands of dollars)

| | Land and Buildings | | Equipment | Total |
|---|---|---|---|---|
| | SPMC | Other Lessor | Other Lessor | |
| 2000 | $ 14,013 | $ 969 | $ 1,076 | $ 16,058 |
| 2001 | 14,013 | 928 | 250 | 15,191 |
| 2002 | 14,013 | 541 | 186 | 14,740 |
| 2003 | 14,013 | – | – | 14,013 |
| 2004 | 14,013 | – | – | 14,013 |

SIAST is committed to providing annual funding toward professional development activities of in-scope academic and administrative support employees. The commitment for fiscal 2000, as required by the collective agreement, is $482,677.

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

---

## 12. Change in non-cash working capital:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Accounts receivable | $ 1,271 | $ (2,626) |
| Inventories | (106) | (6) |
| Prepaid expenses | 1 | (41) |
| Accounts payable and accrued liabilities | (2,646) | 1,497 |
| Salaries and benefits payable | 39 | (59) |
| Unearned revenue | 5,869 | 1,034 |
| Deferred grants | (235) | (1,426) |
| | $ 4,115 | $ (1,627) |

## 13. Extraordinary item (in thousands of dollars):

During the 1997 fiscal year, a fire occurred at SIAST Kelsey Campus. Although the facilities are owned by SPMC, there was substantial damage to SIAST equipment. Fire related repairs and renovations continued into the 1998 fiscal year. The majority of costs related to the fire were covered by insurance. The insurance proceeds and expenditures related to the fire in 1998 were $511 and $555, respectively.

## 14. Financial assets and liabilities:

Cash and short-term investments, accounts receivable, accounts payable and accrued liabilities and salaries and benefits payable are all short-term in nature and as such their carrying value approximates fair value.

## 15. Related parties (in thousands of dollars):

Included in the financial statements are revenue and expenditure amounts resulting from routine transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which SIAST is related. Account balances resulting from these transactions are included in the balance sheet and settled on normal trade terms. Other transactions with related parties are disclosed elsewhere in these statements.

During the year SIAST received revenue from the General Revenue Fund of the Province of Saskatchewan for operations and rent in the amount of $73,065 (1998 - $68,357). The Department of Post-Secondary Education and Skills Training through the General Revenue Fund also funds training on a contractual basis. During the year, $13,753 (1998 - $13,008) was received for these contractual programs.

SIAST also received revenue for contractual services from the Province of Saskatchewan regional colleges for $3,883 (1998 - $3,892).

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

## 15. Related parties (in thousands of dollars) - continued:

Included in facilities rental is $13,822 (1998 - $13,506) paid to SPMC for rent. These transactions are recorded at rates set by SPMC.

Included in services expenditures is $2,002 (1998 - $1,666) paid to SaskTel. These transactions are recorded at rates set by SaskTel.

The short-term investments set out in note 3 consist of bankers' acceptances, promissory notes and treasury bills and are held by the Department of Finance as custodian.

SIAST employees participate in various defined benefit and money purchase type pension plans. The majority of these are managed and administered by the Department of Finance. Employer grants for money purchase plans are included in expenditures in these financial statements. Employer obligations associated with the defined benefit pension plans are the responsibility of the General Revenue Fund of the Province of Saskatchewan.

Payments to other related agencies included: Public Employees Pension Plan $4,676 (1998 - 4,333), Public Service Superannuation Plan $445 (1998 - $405), Public Employees Dental Plan $619 (1998 - $480) and the Workers Compensation Board of Saskatchewan $296 (1998 - $259).

The Kelsey Institute Foundation Inc. is a not-for-profit organization which operates to offer financial support to the students of SIAST Kelsey Campus. Funds solicited by the Foundation are used to provide scholarships directly to students and for equipment donated to SIAST Kelsey Campus for use in program delivery. For the Foundation's fiscal year ended December 31, 1998 donations in kind to SIAST Kelsey Campus were $559 (1997 - $160).

## 16. Budgeted figures (in thousands of dollars):

Budgeted figures exclude expenditures which were funded out of internally restricted net assets. Current year expenditures funded out of internally restricted net assets are $194 (1998 - $157). $623 (1998 - $194) has been restricted from unrestricted net assets to fund future expenditures.

## 17. Expenditures by function:

Following is a summary of expenditures by function:

(in thousands of dollars)

| | 1999 | 1998 |
|---|---|---|
| Programs | $ 72,641 | $ 69,689 |
| Facilities | 15,774 | 15,215 |
| Administration | 16,322 | 15,007 |
| Student services | 8,435 | 8,539 |
| Ancillary | 5,430 | 5,043 |
| | $ 118,602 | $ 113,493 |

# SASKATCHEWAN INSTITUTE OF APPLIED SCIENCE AND TECHNOLOGY

Notes to Financial Statements - continued

Year ended June 30, 1999

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## 18. Year 2000:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000.

SIAST is implementing plans to address the Year 2000 issue and to mitigate the risk of significant systems failure which could affect SIAST's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting SIAST, including those related to the efforts of funding agencies, suppliers, or other third parties, will be fully resolved.

**HILLSTEAD, MELANSON**
**ACCOUNTING AND TAX SERVICES**
115 SECOND STREET
WEYBURN, SASKATCHEWAN
S4H 0T7

## AUDITOR'S REPORT

To the Board of Governors of Southeast Regional College

I have audited the statement of financial position of the Southeast Regional College as at June 30, 1999 and the statements of operations, changes in fund balances and changes in financial position for the year then ended. The College is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management. as well as evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly in all material respects, the financial position of Southeast Regional College as at June 30, 1999 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Ed Hillstead CGA
Hillstead, Melanson

Weyburn, Saskatchewan
September 10, 1999

# Southeast Regional College
## Statement of Financial Position
## at June 30, 1999

| | Operating Fund | Capital Fund | Scholarship Fund | 1999 | 1998 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Assets** | | | | | |
| Current Assets | | | | | |
| Cash | 957,424 | | | 957,424 | 362,559 |
| Cash, internally restricted funds (note 13) | 780,441 | | | 780,441 | 744,055 |
| Accounts Receivable (note 3) | 248,158 | | | 248,158 | 414,537 |
| Prepaid expenses | 11,753 | | | 11,753 | 12,584 |
| | 1,997,776 | | | 1,997,776 | 1,533,735 |
| Capital Assets (notes 2 & 4) | | 327,998 | | 327,998 | 372,470 |
| Deferred rent (note 8) | | 135,000 | | 135,000 | 150,000 |
| | | 462,998 | | 462,998 | 522,470 |
| | 1,997,776 | 462,998 | | 2,460,774 | 2,056,205 |
| **Liabilities** | | | | | |
| Current Liabilities | | | | | |
| Accounts payable (note 5) | 546,210 | | | 546,210 | 281,174 |
| Accrued vacation pay (note 6) | 106,864 | | | 106,864 | 58,043 |
| Deferred revenue (note 11) | 439,261 | | | 439,261 | 316,937 |
| | 1,092,335 | | | 1,092,335 | 656,154 |
| **Fund Balances** (note 2) | | | | | |
| Unrestricted | 125,000 | | | 125,000 | 125,000 |
| Invested in capital assets | | 462,998 | | 462,998 | 527,470 |
| Externally restricted | | | | | 3,526 |
| Internally restricted (note 13) | 780,441 | | | 780,441 | 744,055 |
| | 905,441 | 462,998 | | 1,368,439 | 1,400,051 |
| | 1,997,776 | 462,998 | | 2,460,774 | 2,056,205 |

L Hasson

Approved on behalf of the Board

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

# Southeast Regional College
# Statement of Operations
# for the year ended June 30, 1999

| | Operating | | Capital | | Scholarship | | | |
|---|---|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Revenues** (Schedule 1) | | | | | | | | |
| Saskatchewan Post-Secondary Education and Skills Training | 2,722,375 | 2,429,259 | 11,211 | 217,800 | | | 2,733,586 | 2.647,059 |
| Federal Government | 575,471 | 811,049 | | | | | 575,471 | 811,049 |
| Other Revenue | 2,291,533 | 2,200,435 | 7,399 | | 629 | 1,301 | 2,299,561 | 2,201,736 |
| **Total revenues** | **5,589,379** | **5,440,743** | **18,610** | **217,800** | **629** | **1,301** | **5,608,618** | **5.659,844** |
| **Expenses** (Schedule 2) | | | | | | | | |
| Contractual & Professional Services | 1,954,797 | 1,897,712 | | | | | 1,954,797 | 1,897,712 |
| Rentals | 257,710 | 303,528 | (30,000) | | | | 227,710 | 303,528 |
| Repairs and Maintenance | 25,339 | 44,746 | | | | | 25,339 | 44,746 |
| Amortization(notes 4 and 8) | | | 280,783 | 271,622 | | | 280,783 | 271,622 |
| Scholarship disbursements | | | | | 4,155 | 9,066 | 4,155 | 9,066 |
| Operating Expenses (Schedule 3) | 829,748 | 884,146 | | | | | 829,748 | 884,146 |
| Personal Services | 2,317,698 | 2,047,691 | | | | | 2,317,698 | 2.047,691 |
| **Total expenses** | **5,385,292** | **5,177,823** | **250,783** | **271,622** | **4,155** | **9,066** | **5,640,230** | **5,458,511** |
| **Excess / (deficiency) of Revenue over expenditures** | **204,087** | **262,920** | **(232,173)** | **(53,822)** | **(3,526)** | **(7,765)** | **(31,612)** | **201,333** |

The accompanying notes form an integral part of these financial statements

Ted Hillstead, CGA

# Southeast Regional College
# Statement of Changes in Financial Position
# for the year ended June 30, 1999

| | 1999<br>$ | 1998<br>(note 15)<br>$ |
|---|---|---|
| **Operating activities** | | |
| Excess/<deficiency of revenue over expenses | | |
| -Operating Fund | 204,087 | 262,920 |
| -Capital Fund | (232,173) | (53,822) |
| -Scholarship Fund | (3,526) | (7,765) |
| Net change in non-cash working capital | 603,391 | 4,542 |
| Non cash - Amortization | 280,783 | 271,622 |
| | 852,562 | 477,497 |
| **Investing activities** | | |
| Purchase of capital assets | (221,311) | (293,285) |
| Deferred rent | | (150,000) |
| | (221,311) | (443,285) |
| **Increase in cash during year** | **631,251** | **34,212** |
| Cash at the beginning of the year | 1,106,614 | 1,072,402 |
| **Cash at the end of the year** | **1,737,865** | **1,106,614** |

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

# Southeast Regional College
# Statement of Changes in Fund Balances
# for the year ended June 30, 1999

| | Invested in capital assets | Scholarship Fund | Internally Restricted Funds | Unrestricted Funds | 1999 | 1998 |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Balance, beginning of the year | 527,470 | 3,526 | 744,055 | 125,000 | 1,400,051 | 2,494,194 |
| Adjustment of prior year | | | | | | (1,295,476) |
| Balance as restated | 527,470 | 3,526 | 744,055 | 125,000 | 1,400,051 | 1,198,718 |
| Excess/<deficiency> of revenue over expenses | (232,173) | (3,526) | | 204,087 | (31,612) | 201,333 |
| Investment in capital assets | 221,311 | | (221,311) | | | |
| Inter-fund transfers - to / (from) | (53,610) | | 257,697 | (204,087) | | |
| Balance, end of the year | 462,998 | | 780,441 | 125,000 | 1,368,439 | 1,400,051 |

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

Schedule 1

## Southeast Regional College
## Schedule of Operating Fund Revenues by Function
## year ended June 30, 1999

| | Administration | Programming | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | General Revenue | Community & Individual Development | Adult Basic Education | Vocational Technical | University Credit | Student Services | 1999 | 1998 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Post-Secondary Education and Skills Training** | | | | | | | | |
| Admin Recovery | | 21,149 | 15,750 | 50,000 | | | 86,899 | 103,775 |
| Base Grant | 1,162,933 | | | | 178,300 | 86,005 | 1,427,238 | 1,179,682 |
| Program Payments | | 30,325 | 378,920 | 713,729 | | 30,000 | 1,152,974 | 1,039,868 |
| Other | 20,000 | | 12,375 | 7,415 | | 15,474 | 55,264 | 105,934 |
| | 1,182,933 | 51,474 | 407,045 | 771,144 | 178,300 | 131,479 | 2,722,375 | 2,429,259 |
| **Federal Government** | | | | | | | | |
| Seat Purchases | | | | 54,921 | | | 54,921 | 33,976 |
| Projects | | | | 494,977 | | | 494,977 | 689,110 |
| Other | | 1,050 | 24,523 | | | | 25,573 | 87,963 |
| | | 1,050 | 24,523 | 549,898 | | | 575,471 | 811,049 |
| **Other** | | | | | | | | |
| Admin Recovery | 3,376 | 721 | | 20,617 | | | 24,714 | 44,086 |
| Contracts | 18,739 | 43,099 | 55,948 | 605,639 | | 27,885 | 751,310 | 625,750 |
| Interest | 76,957 | | | | | | 76,957 | 52,743 |
| Rents | | 9,133 | | | | | 9,133 | 8,801 |
| Resale Items | 2,662 | 76,639 | 450 | 73,876 | 41,867 | 763 | 196,257 | 230,279 |
| Tuition | | 490,110 | 101,273 | 420,009 | 205,457 | 1,036 | 1,217,885 | 1,220,456 |
| Other | 1,911 | 13,366 | | | | | 15,277 | 18,320 |
| | 103,645 | 633,068 | 157,671 | 1,120,141 | 247,324 | 29,684 | 2,291,533 | 2,200,435 |
| **Total Revenue** | 1,286,578 | 685,592 | 589,239 | 2,441,183 | 425,624 | 161,163 | 5,589,379 | 5,440,743 |
| **Total Expense (schedule 2)** | 1,025,292 | 854,955 | 574,237 | 2,334,688 | 359,196 | 236,924 | 5,385,292 | 5,177,823 |
| **Excess/<deficiency> of of revenue over expenses** | 261,286 | (169,363) | 15,002 | 106,495 | 66,428 | (75,761) | 204,087 | 262,920 |

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

Schedule 2

## Southeast Regional College
## Schedule of Operating Fund Expenses by Function
## for the year ended June 30, 1999

| | General Administration | | | Programming | | | | | 1999 | 1998 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Board | Admin | Organization | Community & Individual Development | Adult Basic Education | Vocational Technical | University Credit | Student Services | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Contractual/Professional Services | 1,237 | (9,305) | 8,823 | 333,580 | 39,042 | 1,378,639 | 194,540 | 8,241 | 1,954,797 | 1,897,712 |
| Rentals | 976 | 5,192 | 3,788 | 110 | 47,741 | 162,110 | 20,505 | 17,288 | 257,710 | 303,528 |
| Repairs & Maintenance | 367 | 3,942 | 8,326 | | 2,930 | 7,633 | 1,662 | 479 | 25,339 | 44,746 |
| Operating (Schedule 3) | 31,102 | 154,257 | 47,948 | 149,084 | 50,413 | 293,868 | 78,462 | 24,614 | 829,748 | 884,146 |
| Personal Services | 19,864 | 525,865 | 222,910 | 372,181 | 434,111 | 492,438 | 64,027 | 186,302 | 2,317,698 | 2,047,691 |
| | 53,546 | 679,951 | 291,795 | 854,955 | 574,237 | 2,334,688 | 359,196 | 236,924 | 5,385,292 | 5,177,823 |

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

Schedule 3

# Southeast Regional College
## Schedule of Operating Expenses
## for the year ended June 30, 1999

| | 1999 | 1998 |
|---|---:|---:|
| | $ | $ |
| **Operating Expenses** | | |
| Advertising | 73,704 | 83,020 |
| Association Fees and Dues | 10,173 | 10,650 |
| Bank Changes and Interest | 1,892 | 2,134 |
| Computer Software | 10,062 | 28,434 |
| Conference and Training Fees | 6,537 | 12,237 |
| Insurance | 10,977 | 8,583 |
| Materials and Supplies | 115,781 | 103,552 |
| Postal, Freight, and Courier | 23,639 | 27,870 |
| Printing and Duplicating | 6,593 | 3,965 |
| Resale Items | 190,861 | 237,681 |
| Small Equipment | 7,776 | 17,315 |
| Student Allowances | 73,271 | 60,541 |
| Subscriptions | 1,799 | 2,760 |
| Taxes and licenses | 5,267 | 1,983 |
| Telephone and Fax | 102,506 | 92,194 |
| Travel | 160,115 | 161,212 |
| Utilities | 14,851 | 16,986 |
| Other | 13,944 | 13,029 |
| | 829,748 | 884,146 |

The accompanying notes form an integral part of these financial statements.

Ted Hillstead, CGA

## Notes to the Financial Statements

### 1. General Information

The Southeast Regional College offers educational services and programs under the authority of Section 14 of *The Regional Colleges Act*. The Board of the Southeast Regional College is responsible for administering and managing the educational affairs of the College in accordance with *The Regional Colleges Act* and its regulations.

The College's objectives are to promote the social, economic and cultural development of Southeastern Saskatchewan by facilitating learning options in partnership with community groups and businesses.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles utilizing the restricted funds method of accounting for contributions.

#### a) Fund Accounting

Funds are a separate self-balancing set of accounts for each accounting entity established within the accounting system, which segregate the transactions of a particular activity, as follows:

i The Operating Fund accounts for the organization's program delivery and administrative activities. The fund reports unrestricted resources and restricted operating and program grants.

ii The Capital Fund reports the assets, liabilities, revenues and expenses related to the capital assets of the College.

iii The Scholarship Fund reports resources contributed for scholarships. Investment income and contributions are reported as revenue, and scholarships granted are reported as expenditures of this fund.

iv The College maintains Internally Restricted Funds designated by the Board for the following purposes:

| | |
|---|---|
| Capital Purchases: | Funds are allocated for three categories of future capital requirements: Program Computer Enhancement, Program Equipment Enhancement and Facility Enhancement. |
| Other: | Other amounts are designated by the Board for specific purposes relating to future operations of the College. Funds in this category are: Program Development; to be used for development of existing and future programs to be offered by the College, and Education; to be used for professional development of College personnel. |

Amounts transferred to, and disbursements from, these funds, are approved by the Board of Governors.

#### b) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight line basis over the estimated useful lives of the assets, and recorded as an expense in the capital fund, for the categories listed below:

| | | |
|---|---|---|
| Leasehold improvements | : | over the life of the lease, to which they relate. |
| Program equipment and office equipment | : | 5 years. |
| Computer hardware and systems software | : | 3 years. |
| Office furniture | : | 10 years. |

### c) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the Operating Fund, in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund, in the year received.

Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated, and collection is reasonably assured.

Investment income earned from the resources of internally restricted funds, is recorded as income in the Operating Fund.

Tuition revenue is recognized as revenue of the Operating Fund in the period in which the related expenses are incurred.

## 3. Accounts Receivable

Accounts receivable are composed of the following:

| | 1999<br>$ | 1998<br>$ |
|---|---|---|
| Saskatchewan Post-Secondary Education & Skills Training | 69,561 | 113,924 |
| Government of Saskatchewan - other | 43,767 | 71,949 |
| Other less allowance for doubtful accounts (1999-$5,798, 1998 - $0) | 134,830 | 228,664 |
| | 248,158 | 414,537 |

## 4. Capital Assets

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---|---|---|---|---|---|---|
| | 1999<br>$ | 1998<br>$ | 1999<br>$ | 1998<br>$ | 1999<br>$ | 1998<br>$ |
| Leasehold improvements | 141,147 | 122,446 | 67,370 | 59,646 | 73,777 | 62,800 |
| Program equipment | 257,004 | 156,983 | 159,171 | 127,234 | 97,833 | 29,749 |
| Computer hardware - programs | 526,584 | 481,684 | 444,297 | 314,635 | 82,287 | 167,049 |
| Computer hardware - admin. | 195,455 | 173,878 | 159,038 | 115,149 | 36,417 | 58,729 |
| Office equipment | 35,874 | 35,874 | 35,874 | 34,828 | | 1,046 |
| Office furniture | 68,464 | 32,353 | 30,780 | 24,061 | 37,684 | 8,292 |
| System software | 134,416 | 134,416 | 134,416 | 89,611 | | 44,805 |
| | 1,358,944 | 1,137,634 | 1,030,946 | 765,164 | 327,998 | 372,470 |

## 5. Accounts Payable

| Accounts payable are composed of the following: | 1999<br>$ | 1998<br>$ |
|---|---|---|
| Government of Saskatchewan - other | 58,793 | 68,428 |
| Other | 487,417 | 212,746 |
| | 546,210 | 281,174 |

## 6. Accrued Vacation Pay

Vacation pay of $106,864, (1998, $58,043) representing vacation earned by employees but not yet paid, has been calculated and recorded in the accounts.

## 7. Lease Commitments - Equipment and Buildings

The College has obligations for leases of office equipment and premises. Future minimum payments for the next five years total $394,882 with the following annual payments:

| Year | $ |
|---|---|
| 2000 | 99,114 |
| 2001 | 90,868 |
| 2002 | 68,300 |
| 2003 | 68,300 |
| 2004 | 68,300 |

## 8. Deferred Rent

The college entered into a lease for facilities for a period of 10 years in 1998. A condition of the lease required an advance payment of $150,000 to the lessor of the premises. The payment has been recorded as deferred rent and will be amortized over the term of the lease at the rate of $15,000 per year.

## 9. Related Party Transactions

Included in these financial statements are revenue and expenditures resulting from routine operating transactions conducted at agreed rates with various Crown controlled departments, agencies and corporations, with which the College is related. Accounts balances resulting from these transactions are included in the statements of financial position and operations. These transactions are settled on normal trade terms.

Transactions with related parties, incorporated in these financial statements, include the following:

| **Significant payments to related parties during the fiscal year:** | 1999<br>$ | 1998<br>$ |
|---|---|---|
| Association of Saskatchewan Regional Colleges | 7,554 | 7,000 |
| SIAST | 665,834 | 528,091 |
| Saskatchewan Property Management Corp. | 99,917 | 113,831 |
| Saskatchewan Telecommunications | 100,410 | 83,863 |
| University of Regina | 104,650 | 98,211 |

| **Significant receipts from related parties during the fiscal year:** | 1999<br>$ | 1998<br>$ |
|---|---|---|
| Association of Saskatchewan Regional Colleges | 30,585 | 57,838 |
| New Careers Corporation | 14,000 | 11,545 |
| SIAST | 29,665 | 19,042 |
| SCN | 105,500 | 114,286 |
| University of Regina | 17,254 | 21,111 |

## 10. Pension Plans

Employees of the college are members of the Teachers' Superannuation Plan, the Saskatchewan Teachers Retirement Plan or a defined contribution plan established by the Southeast Regional College. The college's obligations under these arrangements are limited to matching employee's contributions of the defined contribution plan established by the Southeast Regional College. Pension contributions for 1999 totalled $82,966 (1998, $68,686).

## 11. Deferred operating grants and program payments

Deferred revenue represents restricted funding for operating grants and program payments received in the current period, for operations of the subsequent period. Changes in deferred revenue for the year, are as follows:

| | 1999<br>$ | 1998<br>$ |
|---|---|---|
| Balance, beginning of year | 316,937 | 109,261 |
| Deduct: Amounts recognized as revenue during the year | (304,937) | (109,261) |
| Add: Amounts received during the year | | |
| Tuition received in advance | 4,830 | 2,810 |
| Provincial Training Allowance | | 10,000 |
| Quick Skills | 90,133 | 32,497 |
| Basic Education - Reach Back | | 5,355 |
| Saskatchewan Skills Extension Program | 138,562 | 234,275 |
| Distance Education | | 32,000 |
| Links to Employment | 23,900 | |
| Family Literacy Project | 13,795 | |
| Enhanced Counselling | 20,093 | |
| Future Skills project funding | 16,195 | |
| July, 1999 Operating grant | 119,753 | |
| Balance, end of year | 439,261 | 316,937 |

### 12. Provincial Training Allowance

In 1998, the College made an agreement with Saskatchewan Post-Secondary Education And Skills Training (the Department) to pay training allowances for the Department until the Department had the necessary systems for payment in place. The Department was responsible for approving payments made per the agreement. All money received from the Department for this program was the property of the Department until the College paid the eligible applicants.

Since advances on hand and the funds spent on this program, are the Department's responsibility, the transactions pertaining to this agreement are not reflected in the College's financial statements. The Department took over the payment function in October, 1998 and all funds held in trust (1998, $56,081) were returned to the Department. The college paid $128,893 (1998,$ 697,925) for training allowances.

### 13. Inter-fund transfers and internally restricted net assets

The Board of Governors have placed internal restrictions on unrestricted net assets to be used for future expenditures. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. In 1999, a transfer of $204,087 was made from the Operating Fund; $113,860 to the Program Computer Fund and $90,227 to the Equipment and Facility Fund, and transfers of $44,140 from the Program Computer Fund and $123,561 from the Equipment and Facility Fund were made to the (Restricted) Capital Fund, to cover the net cost of additions to Capital Assets; additions of $221,311 were offset by $53,610 in revenues generated by the Capital Fund.

The changes in internally restricted funds for the year, are as follows:

| Internally Restricted Funds | Program Computer Fund $ | Equipment & Facility Fund $ | Program Development Fund $ | Educational Development Fund $ | Total $ |
|---|---|---|---|---|---|
| Balance, beginning of year | 298,476 | 157,922 | 203,224 | 84,433 | 744,055 |
| Transfer from operating fund | 113,860 | 90,227 | | | 204,087 |
| Additions to fixed assets, (transferred to capital fund) | (44,140) | (123,561) | | | (167,701) |
| Inter-fund transfers - to / (from) | | | | | |
| Balance, end of year | 368,196 | 124,588 | 203,224 | 84,433 | 780,441 |

### 14. Financial Instruments

Accounts receivable and accounts payable are all short term in nature, and as such, their carrying value approximates fair value.

The College is exposed to credit risk from non-payment of accounts receivable. Credit risk is minimal for amounts due from Saskatchewan Post-Secondary Education & Skills Training, the Government of Canada, and other educational institutions. All other receivables are reported at estimated net realizable value.

### 15. Restated Amounts

Certain of the statement of changes in financial position and financial statement notes comparative figures have been restated to conform to current year presentation.

## 16. Uncertainty due to the Year 2000 Issue

The year 2000 Issue arises because many computerized business systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900, or some other date, resulting in errors when information using the year 2000 is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 , and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant system failure, which could affect the entity's ability to conduct normal business operations.

The College has reviewed all systems, and where possible identified the risks associated with this issue. Modifications are being made to correct identified deficiencies. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the College, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## 17. Actual vs Budget

| | Budget 1999 $ | Actual 1999 $ |
|---|---|---|
| **Revenue** | | |
| Saskatchewan Post-Secondary Education & Skills Training | 2,487,164 | 2,722,375 |
| Federal Government | 656,000 | 575,471 |
| Other | 2,254,561 | 2,291,533 |
| | **5,397,725** | **5,589,379** |
| **Expenditure** | | |
| Contractual & professional | 1,939,652 | 1,954,797 |
| Rentals | 324,238 | 257,710 |
| Repairs & maintenance | 66,408 | 25,339 |
| Operating expenses | 721,239 | 829,748 |
| Personnel | 2,201,189 | 2,317,698 |
| | 5,252,726 | 5,385,292 |
| Excess (Deficiency) of Operating Fund revenues over expenditures | 144,999 | 204,087 |
| Excess (Deficiency) of Capital Fund revenues over expenditures | (248,816) | (232,173) |
| Excess (Deficiency) of Scholarship Fund revenues over expenditures | | (3,526) |
| **Total - Excess (Deficiency) of revenues over expenditures** | **(103,817)** | **(31,612)** |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of statement of financial position of the University of Regina as at April 30, 1999 and the statements of operations and changes in fund balances and statement of cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, CA
Provincial Auditor

Regina, Saskatchewan
August 9, 1999 except for
Notes 10 and 20 as at October 26, 1999

# University of Regina

Statement 1

Statement of Financial Position
As at April 30, 1999
With comparative figures for April 30, 1998
(in thousands of dollars)

| | General | Restricted | Endowment | Total 1999 | Total 1998 |
|---|---|---|---|---|---|
| *Current Assets* | | | | | |
| Accounts receivable (Note 8) | $ 6,036 | $ 4,081 | ($1) | $ 10,116 | $ 8,866 |
| Inventories | 2,348 | | | 2,348 | 2,616 |
| Prepaid expenses | 203 | 8 | | 211 | 215 |
| | 8,587 | 4,089 | (1) | 12,675 | 11,697 |
| *Long Term Assets* | | | | | |
| Long-term investments | | 9,098 | 10,361 | 19,459 | 20,563 |
| Capital assets (Note 5) | | 92,888 | | 92,888 | 92,442 |
| | $ 8,587 | $ 106,075 | $ 10,360 | $ 125,022 | $ 124,702 |
| *Current Liabilities* | | | | | |
| Bank Overdraft (Cash) (Note 4) | $ 10,447 | $ (8,511) | | $ 1,936 | $ 6,705 |
| Accounts payable and other accrued liablilities | 3,505 | 3,172 | | 6,677 | 3,750 |
| Accrual for vacation pay and early retirement (Note 14) | 2,638 | 0 | | 2,638 | 5,760 |
| Deferred income | 1,402 | 103 | | 1,505 | 1,615 |
| Current portion of long-term debt (Note 6) | 0 | 637 | | 637 | 598 |
| | 17,992 | (4,599) | 0 | 13,393 | 18,428 |
| *Long Term Liabilities* | | | | | |
| Long-term debt (Note 6) | 160 | 13,278 | | 13,438 | 13,915 |
| Due to (from) other funds (Note 7) | 816 | (816) | | 0 | 0 |
| Accrual for early retirement (Note 14) | 719 | | | 719 | 935 |
| | 1,695 | 12,462 | 0 | 14,157 | 14,850 |
| *Fund Balances* | | | | | |
| Externally restricted funds | | 16,403 | $ 10,360 | 26,763 | 25,637 |
| Internally restricted funds (Note 12) | 510 | 858 | | 1,368 | 856 |
| Invested in Capital Assets | | 80,951 | | 80,951 | 79,994 |
| Unrestricted funds | (11,610) | | | (11,610) | (15,063) |
| | (11,100) | 98,212 | 10,360 | 97,472 | 91,424 |
| Total Liabilities and Fund Balances | $ 8,587 | $ 106,075 | $ 10,360 | $ 125,022 | $ 124,702 |

Commitments (Note 19)

On Behalf of the Board of Governors

Chairperson of the Board

Vice-President (Administration)

The accompanying notes are an integral part of these financial statements.

# University of Regina

Statement 2

Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

| | General | Restricted | Endowment | Total 1999 | Total 1998 |
|---|---|---|---|---|---|
| *Revenues* | | | | | |
| Government grants and contracts | | | | | |
| Government of Canada | $ 528 | $ 4,775 | | $ 5,303 | $ 3,913 |
| Department of Post-Secondary Education & Skills Training | 47,683 | 5,533 | | 53,216 | 48,687 |
| Other | 628 | 2,449 | | 3,077 | 2,381 |
| Student fees | 22,801 | 25 | | 22,826 | 22,633 |
| Contributions, gifts, donations and bequests | 224 | 1,647 | $ 166 | 2,037 | 5,387 |
| Sales of services and products | 12,365 | 417 | | 12,782 | 11,709 |
| Income from investments | 124 | 698 | 43 | 865 | 3,556 |
| Miscellaneous income | 1,298 | 177 | | 1,475 | 1,645 |
| Income from operating leases (Note 16) | | 1,307 | | 1,307 | 1,342 |
| | 85,651 | 17,028 | 209 | 102,888 | 101,253 |
| *Expenses* | | | | | |
| Salaries | | | | | |
| Academic | 30,734 | 264 | | 30,998 | 31,163 |
| Other | 23,034 | 2,311 | 3 | 25,348 | 23,084 |
| Employee benefits | 6,342 | 467 | | 6,809 | 6,282 |
| Operational supplies and expenses | 6,271 | 1,249 | 9 | 7,529 | 8,061 |
| Travel | 1,765 | 845 | | 2,610 | 2,629 |
| Cost of goods sold | 3,907 | | | 3,907 | 3,079 |
| Equipment, rental, maintenance & renovations | 2,080 | 1,637 | | 3,717 | 3,422 |
| Utilities | 4,659 | 38 | | 4,697 | 4,447 |
| Amortization of capital assets | 426 | 7,556 | | 7,982 | 8,093 |
| Loss on disposal of capital assets | | 286 | | 286 | 638 |
| Scholarships, bursaries and prizes | 2,434 | 1,964 | | 4,398 | 4,745 |
| Interest | 429 | 803 | | 1,232 | 1,230 |
| Wascana Centre Authority levy | 494 | | | 494 | 464 |
| Bad debt expense | 171 | | | 171 | 123 |
| Change in early retirement and vacation pay accrual (Note 14) | (3,338) | | | (3,338) | (2,117) |
| | 79,408 | 17,420 | 12 | 96,840 | 95,343 |
| Net revenues (expenses) | 6,243 | (392) | 197 | 6,048 | 5,910 |
| Interfund transfers (Note 13) | (2,376) | 2,385 | (9) | 0 | 0 |
| Net increase (decrease) in fund balances for year | 3,867 | 1,993 | 188 | 6,048 | 5,910 |
| Fund balances, beginning of year | (14,967) | 96,219 | 10,172 | 91,424 | 85,514 |
| Fund balances, end of year | $ (11,100) | $ 98,212 | $ 10,360 | $ 97,472 | $ 91,424 |

The accompanying notes are an integral part of these financial statements.

# University of Regina

Statement 3

Statement of Cash Flows
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

| | General | Restricted | Endowment | Total 1999 | Total 1998 |
|---|---|---|---|---|---|
| *Operating Activities* | | | | | |
| Net revenues (expenses) | $ 6,243 | (392) | $ 197 | $ 6,048 | $ 5,910 |
| Add back items not affecting cash: | | | | | |
| Amortization of capital assets | 426 | 7,556 | | 7,982 | 8,093 |
| Unrealized (gains) losses on mutual funds | | 142 | 10 | 152 | (2,637) |
| Loss on disposal of capital assets | | 286 | | 286 | 638 |
| Decrease (increase) in non-cash working capital | (4,086) | 2,779 | 24 | (1,283) | (2,734) |
| (Decrease) increase in long term accrual for early retirement | (216) | | | (216) | (3,837) |
| Cash generated by (used in) operating activities | 2,367 | 10,371 | 231 | 12,969 | 5,433 |
| *Investing Activities* | | | | | |
| Purchases of investments | (27,748) | (4,065) | (243) | (32,056) | (22,148) |
| Sales of investments | 27,748 | 5,238 | 21 | 33,007 | 20,387 |
| Purchases of assets: | | | | | |
| Land | | | | 0 | (57) |
| Buildings | (18) | (2,498) | | (2,516) | (2,396) |
| Site improvements | (69) | (1,737) | | (1,806) | (1,129) |
| Furnishings and equipment | (963) | (1,536) | | (2,499) | (2,564) |
| Software | (8) | (88) | | (96) | (627) |
| Library resources | (1,796) | | | (1,796) | (1,681) |
| Sales of assets | | | | 0 | 0 |
| Cash generated by (used in) investing activities | (2,854) | (4,686) | (222) | (7,762) | (10,215) |
| *Financing Activities* | | | | | |
| Acquisition of long-term debt | 160 | | | 160 | 3,000 |
| Repayment of long-term debt | | (598) | | (598) | (552) |
| Repayment of internal loans | (228) | 228 | | 0 | 0 |
| Cash generated by (used in) financial activities | (68) | (370) | 0 | (438) | 2,448 |
| Net change in cash (bank overdraft) | (555) | 5,315 | 9 | 4,769 | (2,334) |
| Interfund Adjustments | 52 | (43) | (9) | 0 | 0 |
| Cash (bank overdraft), beginning of year | (9,944) | 3,239 | | (6,705) | (4,371) |
| Cash (bank overdraft), end of year | $ (10,447) | $ 8,511 | $ 0 | $ (1,936) | $ (6,705) |

The accompanying notes are an integral part of these financial statements.

# University of Regina

Statement 4

Statement of Operations and Changes in Fund Balances for the General Fund
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

| | Operating | Vacation Pay Accrual Funded from Future Revenues | Ancillary | Special Projects | Total 1999 | Total 1998 |
|---|---|---|---|---|---|---|
| *Revenues* | | | | | | |
| Government grants and contracts | | | | | | |
| Government of Canada | $ 311 | | | $ 217 | $ 528 | $ 554 |
| Department of Post-Secondary Education & Skills Training | 47,186 | | | 497 | 47,683 | 45,021 |
| Other | 328 | | | 300 | 628 | 851 |
| Student fees | 22,486 | | $ 5 | 310 | 22,801 | 22,422 |
| Contributions, gifts, donations and bequests | 146 | | | 78 | 224 | 365 |
| Sales of services and products | 3,713 | | 7,799 | 853 | 12,365 | 11,303 |
| Income from investments | 36 | | 88 | | 124 | 75 |
| Miscellaneous income | 826 | | 301 | 171 | 1,298 | 1,385 |
| | 75,032 | 0 | 8,193 | 2,426 | 85,651 | 81,976 |
| *Expenses* | | | | | | |
| Salaries | | | | | | |
| Academic | 30,287 | | | 447 | 30,734 | 30,825 |
| Other | 20,649 | | 1,709 | 676 | 23,034 | 21,390 |
| Employee benefits | 6,135 | | 161 | 46 | 6,342 | 6,157 |
| Operational supplies and expenses | 4,495 | | 1,084 | 692 | 6,271 | 6,748 |
| Travel | 1,580 | | 13 | 172 | 1,765 | 1,869 |
| Cost of goods sold | | | 3,907 | | 3,907 | 3,079 |
| Equipment, rental, maintenance & renovations | 1,702 | | 270 | 108 | 2,080 | 2,013 |
| Utilities | 4,437 | | 217 | 5 | 4,659 | 4,400 |
| Amortization of capital assets | | | 426 | | 426 | 436 |
| Loss on disposal of capital assets | | | | | 0 | 18 |
| Scholarships, bursaries and prizes | 2,258 | | 9 | 167 | 2,434 | 2,476 |
| Interest | 7 | | 422 | | 429 | 390 |
| Wascana Centre Authority levy | 494 | | | | 494 | 464 |
| Bad debt expense | 171 | | | | 171 | 123 |
| Change in early retirement and vacation pay accrual (Note 14) | (3,399) | 61 | | | (3,338) | (2,117) |
| | 68,816 | 61 | 8,218 | 2,313 | 79,408 | 78,271 |
| Net revenues (expenses) | 6,216 | (61) | (25) | 113 | 6,243 | 3,705 |
| Interfund transfers (Note 13) | (1,803) | | (398) | (175) | (2,376) | (3,731) |
| Net increase (decrease) in fund balances for year | 4,413 | (61) | (423) | (62) | 3,867 | (26) |
| Fund balances, beginning of year | (9,673) | (1,857) | (3,747) | 310 | (14,967) | (14,941) |
| Fund balances, end of year | $ (5,260) | $ (1,918) | $ (4,170) | $ 248 | $ (11,100) | $ (14,967) |

The accompanying notes are an integral part of these financial statements.

# University of Regina

Statement 5

Statement of Operations and Changes in Fund Balances for the Restricted Funds
For the Year Ended April 30, 1999
With comparative figures for 1998
(in thousands of dollars)

| | Capital Asset | Research | Trust | Total 1999 | Total 1998 |
|---|---|---|---|---|---|
| *Revenues* | | | | | |
| Government grants and contracts | | | | | |
| Government of Canada | | $ 4,775 | | $ 4,775 | $ 3,359 |
| Department of Post-Secondary Education & Skills Training | $ 5,533 | | | 5,533 | 3,666 |
| Other | 646 | 1,718 | $ 85 | 2,449 | 1,530 |
| Student fees | | 25 | | 25 | 211 |
| Contributions, gifts, donations and bequests | 7 | 34 | 1,606 | 1,647 | 4,940 |
| Sales of services and products | | 417 | | 417 | 406 |
| Income from investments | 101 | | 597 | 698 | 2,328 |
| Miscellaneous income | | 37 | 140 | 177 | 260 |
| Income from operating leases (Note 16) | 1,307 | | | 1,307 | 1,342 |
| | 7,594 | 7,006 | 2,428 | 17,028 | 18,042 |
| *Expenses* | | | | | |
| Salaries | | | | | |
| Academic | | 264 | | 264 | 338 |
| Other | 276 | 1,825 | 210 | 2,311 | 1,694 |
| Employee benefits | 27 | 133 | 307 | 467 | 125 |
| Operational supplies and expenses | 92 | 1,060 | 97 | 1,249 | 1,313 |
| Travel | | 831 | 14 | 845 | 760 |
| Equipment, rental, maintenance & renovations | 1,348 | 283 | 6 | 1,637 | 1,409 |
| Utilities | 17 | 21 | | 38 | 47 |
| Amortization of capital assets | 7,556 | | | 7,556 | 7,657 |
| Loss on disposal of capital assets | 286 | | | 286 | 620 |
| Scholarships, bursaries and prizes | | 586 | 1,378 | 1,964 | 2,269 |
| Interest | 803 | | | 803 | 840 |
| | 10,405 | 5,003 | 2,012 | 17,420 | 17,072 |
| Net revenues (expenses) | (2,811) | 2,003 | 416 | (392) | 970 |
| Interfund transfers (Note 13) | 3,768 | (384) | (999) | 2,385 | 4,087 |
| Net increase (decrease) in fund balances for year | 957 | 1,619 | (583) | 1,993 | 5,057 |
| Fund balances, beginning of year | 79,994 | 4,066 | 12,159 | 96,219 | 91,162 |
| Fund balances, end of year | $ 80,951 | $ 5,685 | $ 11,576 | $ 98,212 | $ 96,219 |

The accompanying notes are an integral part of these financial statements.

# University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

## 1. *Authority and Purpose*

The University of Regina became an autonomous institution on July 1, 1974 by an Act of the Saskatchewan Legislature. Its authority is *The University of Regina Act*, Chapter U-5, of the Province of Saskatchewan. The University is a registered charitable organization under the *Income Tax Act.*

The purpose of the University is the preservation, transmission, interpretation and enhancement of the cultural, scientific and artistic heritage of the human race, and the acquisition and expansion of new knowledge and understanding.

## 2. *Summary of Significant Accounting Policies*

These financial statements have been prepared in accordance with generally accepted accounting principles as set out by the Canadian Institute of Chartered Accountants (CICA).

### (a) Fund Accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The Statement of Operations and Changes in Fund Balances shows the total revenues and expenses of the University, after elimination of interfund transactions with ancillaries and internal cost recoveries. The University has classified accounts with similar characteristics into major funds as follows:

i) **The General Fund** accounts for the University's program delivery, service and administrative activities. This fund reports unrestricted resources. The General Fund is further classified as Operating, Vacation Pay Accrual Funded from Future Revenues, Ancillary, and Special Projects.

- General – Operating Fund contains the academic, administrative and operational costs that are funded by tuition and related fees, government grants, investment and miscellaneous income, and sales of goods and services to external parties. As such, this Fund reports unrestricted resources and restricted resources earmarked for general operating purposes.
- General - Vacation Pay Accrual Funded from Future Revenues Fund records the amount of unpaid vacation pay for academic and non-academic staff which will be funded from future revenues.
- General - Ancillary Fund is composed of Ancillary Enterprises that provide goods and services to the University community. They are composed of the Bookstore, College West Residence, Printing Services, Parking, Food Services, Language Institute Residence, Language Institute Food Services, automated teller machines, confectionery store, and coffee shop. Ancillary Enterprises operate on a fee-for-service basis and must be self-funding. Charges to other University funds are eliminated for financial statement purposes by removing them from Ancillary revenues and expenses.

## University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

- General - Special Projects Fund consist of a number of individual accounts used to track operating projects' costs and recoveries in one place. These projects involve consulting, training, time-limited projects, or other.

ii) **The Restricted Fund** reports only restricted resources that are to be used for specific purposes. The Restricted Fund is further classified as Capital Asset, Research, and Trust.

- Restricted -Capital Asset Fund consists of grants, gifts, interest and rental income used to acquire capital assets and repay long-term debt on certain capital assets.
- Restricted -Research Fund consists of grant and contract income and expenses specifically identified for research or related activities as restricted by granting agencies, research institutes and other public and private organizations.
- Restricted - Trust Fund consists of externally restricted resources that may be used in their entirety within the restrictions established by the provider of the funds. The bulk of these funds are restricted for the provision of scholarships or annual lectures.

iii) **The Endowment Fund** reports resources contributed for endowment. Restrictions placed on the fund by the original provider preclude the original fund balance from being spent.

(b) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(c) Capital Assets

Purchased capital assets are recorded at cost. Donated assets are reported at fair market value when received by the University. The University capitalizes all assets costing more than $2 and all computer-related assets costing more than $.5, except library resources, which are capitalized regardless of cost. The University capitalizes upgrades to buildings and site improvements greater than $10, except for Ancillary Enterprises, which have all upgrades capitalized regardless of cost. Assets costing less than these thresholds are expensed in the year purchased.

Capitalized assets are amortized on a straight line basis over their estimated useful lives as follows:

| | | |
|---|---|---|
| Buildings | - temporary | 20 years |
| | - permanent | 40 years |
| Site Improvements | | 10 to 40 years |
| Furnishings and equipment | | 3 to 30 years |
| Software | | 3 to 8 years |
| Library resources | | 10 years |

Amortization of Ancillary assets is recorded in the General - Ancillary Fund. All other amortization is recorded in the Restricted - Capital Asset Fund.

# University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

An estimate for disposals or withdrawals of library holdings for superseded, poor condition, irrelevant, lost or stolen books is calculated at 1.05 percent of the net capitalized value of library holdings at the end of the preceding year.

Collections are not capitalized or amortized. All additions to collections are expensed in the year purchased.

The original land that was transferred to the University when it became a separate legal institution is reported on the statement of financial position at a nominal value of $1. This land includes 20 acres at the College Avenue Campus and 357 acres at the Main Campus. In 1989, the Main Campus was appraised by Crown Appraisals of Regina at four dollars per square foot for a total value of $62,204.

### (d) Investments

i) Gains or losses on disposal are recorded in the year of disposal.

ii) Mutual funds are recorded at fair market value. Both realized and unrealized gains and losses are recognized as changes in the market values occur.

iii) Other investments are carried at cost.

### (e) Inventories

Inventories are valued at the lower of cost and net realizable value which is principally determined by the first in, first out method.

### (f) Donations

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

### (g) Pledges and bequests

Pledges and bequests are recorded as contributions in the period when pledged or bequeathed if the amounts to be received can be reasonably estimated and if collection is reasonably assured.

Pledges and bequests of $2,423 (1998 - $1,278) were not included in the financial statements because their ultimate collection cannot be reasonably assured.

### (h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources is recorded in the appropriate fund, depending on the external restriction placed on that income. If it must become part of the endowment amount, it is recognized as revenue of the Endowment Fund. If it may be spent for a restricted purpose, it is recorded as revenue of that restricted fund. If there are no restrictions on the income, it is reported as income of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

## 3. Collections

### a) Collection of Rare Books, Records and Papers

The University Library maintains a collection of rare books and runs of bound old magazines. The collection is increased either by purchases or donations, which are minimal. The University does not dispose of items in this collection.

The University of Regina Archives collects the official records of the University of Regina, and private papers in various disciplines. The University Archives currently does not purchase or sell any items. All records and papers are transferred or donated.

### b) Art Collection

The MacKenzie Art Gallery manages part of the University's art collection as described in note 20 to these financial statements. The University also owns various works of art including paintings, banners, sculptures, and drawings. Additions to and disposals of our collection are few.

### c) Collection of Geographical Maps

The University's map library is a reference library containing maps, air photos, atlases, globes and documents on cartography and land use. Most additions come in the form of donations from government and private individuals. It is also a depository for the National Topographic Survey, who sends new and revised maps to the library monthly. The map library does not sell any items in its collection.

## 4. Bank Overdraft

The University's revolving overdraft at the Canadian Imperial Bank of Commerce is secured by hypothecation of grant revenue.

## University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

### 5. *Capital Assets*

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Land | $ 58 | $ 58 | $ 0 | $ 0 | $ 58 | $ 58 |
| Buildings | 103,342 | 101,316 | 40,545 | 37,869 | 62,797 | 63,447 |
| Site Improvements | 20,944 | 19,138 | 7,908 | 7,202 | 13,036 | 11,936 |
| Furnishings & Equipment | 25,814 | 24,524 | 20,700 | 19,630 | 5,114 | 4,894 |
| Software | 2,647 | 2,555 | 522 | 255 | 2,125 | 2,300 |
| Library Resources | 33,662 | 32,204 | 23,904 | 22,397 | 9,758 | 9,807 |
| | $186,467 | $179,795 | $93,579 | $87,353 | $92,888 | $92,442 |

During the year, the University disposed of the following amounts of assets:

- Library Resources with an original cost of $338 (1998 – $324), in accordance with the policy described in note 2(c);
- Site Improvements with an original cost of $0 (1998 - $25);
- Buildings with an original cost of $490 (1998 - $1,145). The University made some major replacement upgrades;
- Furnishings and Equipment with an original cost of $1,209(1998 - $293).

### 6. *Long-Term Debt*

| Title of Issue | Interest Rate | Annual Repayment Terms | 1999 | 1998 |
|---|---|---|---|---|
| College West Residence Building Debenture, will be paid off Dec. 31, 2024, secured by building | 7.25% | $ 155 principal & interest | $ 1,805 | $ 1,828 |
| Information Systems Management Building Mortgage, due Sept. 1, 2001, will be paid off Sept. 1, 2011, secured by land and building | 6.97% | $ 945 principal & interest | 7,877 | 8,266 |
| Daycare Centre Long-Term Loan, due Jan. 1, 2004, will be paid off Jan 1, 2019 | 8.53% | $54 principal & interest | 517 | 527 |
| Long-Term Loan on 2 Research Drive Building, due Sept. 6, 1999, will be paid off Sept 6, 2022, secured by land and building | 9.05% | $ 45 principal, interest compounded quarterly | 961 | 1,006 |
| Riddell Centre Building Loan, due May 1, 2002, will be paid off May 1, 2011 | 6.29% | $26 principal & interest | 2,755 | 2,886 |
| Sasktel New Media Fund Inc distance learning loan | 15% total | none | 160 | 0 |
| | | | 14,075 | 14,513 |
| Less Current Portion | | | (637) | (598) |
| | | | $13,438 | $13,915 |

The interest and principal repayments for the next five years are:

| | Interest | Principal |
|---|---|---|
| 1999/2000 | 957 | 637 |
| 2000/01 | 911 | 678 |
| 2001/02 | 863 | 722 |
| 2002/03 | 811 | 770 |
| 2003/04 | 757 | 820 |

## 7. *Due To/From Other Funds*

| Purpose and Funds Involved | Interest Rate | Annual Repayment Terms | 1999 | 1998 |
|---|---|---|---|---|
| Physical Activities Lifestyle Centre loan from Restricted - Capital Asset to General - Operating, will be paid off April 30, 2000 | 6.50% | $ 67 principal, interest paid once per year | $ 67 | $ 133 |
| DEC network loan from Restricted - Capital Asset to General - Operating, will be paid off April 30, 2003 | 6.00% | $211 blended principal and interest each year, paid monthly | 749 | 911 |
| | | | 816 | 1,044 |
| SCT software loan from Restricted - Trust to Restricted - Capital Asset, will be paid off April 30, 2001 | 6.25% | $ 100 principal, interest paid once per year | 200 | 300 |

## 8. *Accounts Receivable*

Accounts receivable are composed of the following:

| | 1999 | 1998 |
|---|---|---|
| Accounts receivable | $ 8,672 | $ 6,972 |
| Loans receivable | 44 | 126 |
| Pledges receivable | 2,061 | 2,326 |
| Less Allowance for doubtful accounts | (661) | (558) |
| Net receivables | $ 10,116 | $ 8,866 |

## 9. *Financial Instruments*

### a) Significant financial instruments, terms and conditions:

The University's significant financial instruments consist of accounts receivable, accounts payable, investments in mutual funds and bank indebtedness, including mortgages and line of credit. There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing, or certainty of future cash flows. Significant terms and conditions for the long-term financial instruments are disclosed separately in these notes.

### b) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The

University is exposed to market risk due to its investment in equity mutual funds. This risk is minimized by investing with a reputable company who maintains a diversified portfolio.

c) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. The University is exposed to cash flow risk due to interest rate changes for its investment in money market and bond mutual funds and bank overdraft.

d) Credit risk:

Credit risk is the risk that the party owing the University money will fail to discharge that responsibility. The University is exposed to credit risk from the potential non-payment of accounts receivable and non-return of money invested in mutual funds. The maximum credit risk exposure is equal to the amounts disclosed on the Statement of Financial Position.

Approximately 16% (1998 - 17%) of the University's receivables are from students and employees. The credit risk from these is minimal as the University has various methods of recourse for collection such as withholding transcripts, certificates or degrees and payroll deduction.

Approximately 9% (1998 - 18%) of the University's receivables are from the three federated colleges on campus, which are related parties. See also note 17 to these financial statements.

The other 75% (1998 - 65%) of receivables are from the federal government, not-for-profit organizations, corporations and other universities.

The pledges receivable are from reputable corporations with a history of paying what they have pledged to the University.

The University minimizes credit risk related to mutual funds by investing with a reputable company.

e) Fair Value:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying amounts of these financial instruments approximate fair value due to their immediate or short-term nature:
    - cash
    - accounts receivable
    - accounts payable
- The fair value of investments is considered to approximate the disclosed market values.
- The fair values of mortgages as at April 30, 1999 are shown in the table below. These fair values are determined using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements.

| | |
|---|---|
| College West Building | $ 1,764 |
| ISM Building | 7,665 |
| Daycare Centre | 558 |
| 2 Research Drive Building | 1,061 |
| Riddell Centre | 2,575 |

These values will fluctuate as market interest rates change.

## University of Regina

**Notes to the Financial Statements**
**For the Year Ended April 30,1999**
**With comparative figures for 1998**
**(in thousands of dollars)**

### 10. *Pension Plans*

The University is responsible for the administration of two contributory defined benefit pension plans, the Pension Plan for the Academic and Administrative Employees of the University of Regina and the Non-Academic Pension Plan. Actuarial valuations are completed regularly as prescribed by statute. The University contributes to its defined benefit Pension Funds the amounts recommended by the actuaries with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets including any potential surplus in the plan are for the benefit of the members and their beneficiaries. There is no provision that allows for the withdrawal of surplus by the University.

The Pension Plan for the Academic and Administrative Employees of The University of Regina is a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1998. The present value of accumulated benefits resulting from services provided to December 31, 1998 was $170,246 (1997 - $161,597). This amount less assets of $213,239 (1997 - $216,197) based on market related values, resulted in an actuarial surplus of $42,993 at December 31, 1998 (1997 - $54,600). Pension expense of $2,256 (1998 - $2,294) related to this plan is included in these financial statements. On April 20, 1999, the Board approved, in principle, that this plan be closed to new members as of December 31, 1999. The Board agreed to enter into negotiations with the University of Regina Faculty association to discuss implementing a defined-contribution pension plan for academic and administrative employees who join the University on or after January 1, 2000.

The University of Regina Non-Academic Pension Plan is also a defined benefit final average pension plan. An actuarial valuation, using the accrued benefit actuarial cost method, was performed on this plan as at December 31, 1998. The present value of accumulated benefits resulting from services provided to the valuation date was $37,797 (1997 - $31,263). This amount less assets of $47,307 (1997 - $44,868) based on market values, resulted in an actuarial surplus of $9,510 at December 31, 1998 (1997 - $13,605). Pension expense of $583 (1998 - $540) related to this plan is included in these financial statements.

In addition, the University is also responsible for the administration of a defined contribution pension plan, the University of Regina Pension Plan for Eligible Part Time Employees. The University matches contributions to this pension fund and has no further liability for the pensions of its members. Pension expense of $11 (1998 - $5) related to this plan is included in these financial statements.

### 11. *Expenses by Function*

| | 1999 | 1998 |
|---|---:|---:|
| Instruction | $ 44,875 | $ 45,958 |
| Library | 3,622 | 3,810 |
| Computing & AV | 1,984 | 1,561 |
| Admin and General | 7,130 | 7,941 |
| Physical Plant | 8,520 | 8,270 |
| Student Services | 2,746 | 2,126 |
| Ancillary | 8,218 | 6,948 |
| Special Projects | 2,313 | 1,657 |
| Capital | 10,405 | 10,245 |
| Research | 5,003 | 4,619 |
| Trust & Endowment | 2,024 | 2,208 |
| Total Expenses | $ 96,840 | $ 95,343 |

## 12. *Fund Balances*

### a) Internally restricted fund balances

| Funds involved and policy: | 1999 | 1998 |
|---|---|---|
| General - Operating: Certain faculties and departments who underspend their budgets in one year may carry forward this amount and spend it in the following year. | $ 4,432 | $ 3,533 |
| General - Ancillary: Ancillary operations must be self-funding. Positive fund balances are used by ancillaries while negative fund balances must be recovered. | (4,170) | (3,747) |
| General - Special Projects: Positive fund balances must be used by the special project. | 248 | 310 |
| General Fund total | $ 510 | $ 96 |
| Restricted - Research: Certain research is sponsored by various faculties and departments within the University. | $ 858 | $ 760 |
| Restricted Fund total | $ 858 | $ 760 |

### b) General - Operating Fund Balance

The General - Operating Fund is in an accumulated deficit position.

Between 1996 and 1998, the Board made two important decisions that increased the University's expenses, deficits and accumulated deficits in those years. In 1996-97, the Board put in place a Faculty Renewal/Voluntary Severance Plan to help rejuvenate the University's teaching and research human resources. In 1997-98, the Board approved the purchase of a new computer system for the University's library to prepare for the year 2000 and to help the library interface with other libraries. The Board intends to recover these costs over the next few years.

The following schedule sets out the status of these recoveries.

|  | 1999 | 1998 (restated) | Reduction in Accumulated Deficit |
|---|---|---|---|
| Faculty Renewal/Voluntary Severance Plan (FR/VSP) | $ 3,754 | $ 5,819 | $2,065 |
| Library Voyager System | 606 | 936 | 330 |
| Historical Accumulated Deficit | 900 | 2,918 | 2,018 |
| Accumulated Deficit | $ 5,260 | $ 9,673 | $ 4,413 |

## University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

### 13. *Interfund Transfers*

Each year, the University transfers amounts between its funds for various purposes. These include funding capital asset purchases, and reassigning fund balances to support certain activities.

| | General Funds | | | | | Restricted Funds | | | | | Endowment | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description of Interfund Transfer | Operating | Ancillary | Special Projects | 1999 Total | 1998 Total | Capital Asset | Research | Trust | 1999 Total | 1998 Total | 1999 Total | 1998 Total |
| Support for capital asset purchases | $ (2,707) | $ 249 | $ (32) | $ (2,490) | $ (4,530) | $ 3,135 | $ (642) | $ (3) | $ 2490 | $ 4,530 | | |
| Ancillary support of Operating | 350 | (350) | | 0 | 0 | | | | | | | |
| Lease profit | 110 | | | 110 | 145 | (110) | | | (110) | (145) | | |
| Support for central computing assets | 574 | | | 574 | 574 | (574) | | | (574) | (574) | | |
| Special initiatives money to support library computer system | 235 | | (235) | 0 | 0 | | | | | | | |
| Ancillary administration fee | 222 | (222) | | 0 | 0 | | | | | | | |
| Support for the construction of 72kV substation | | | | | | 878 | | (878) | 0 | | | |
| Support for the purchase of Physical Plant assets | (325) | | | (325) | | 325 | | | 325 | | | |
| Support for Faculty Renewal/Voluntary Severance Plan | | | | 0 | 404 | | | | 0 | (404) | | |
| Unrestricted interest | | | | | | | | | 0 | 396 | | $ (396) |
| Other miscellaneous transfers | (262) | (75) | 92 | (245) | (324) | 114 | 258 | (118) | 254 | 284 | $ (9) | 40 |
| | $ (1,803) | $ (398) | $(175) | $ (2,376) | $ (3,731) | $ 3,768 | $ (384) | $ (999) | $ 2,385 | $ 4,087 | $ (9) | $ (356) |

## 14. *Vacation Pay and Early Retirement Accruals*

In 1997/98, the Board approved a new early retirement program called the Faculty Renewal – Voluntary Severance Program. The program provides for lump-sum payouts over the subsequent three years based on the retiree's annual salary and other monthly benefits (e.g., maintenance of life insurance, dental premiums). These lump-sum payouts and monthly benefits are accrued at their present value as follows:

| | Vacation Pay Accrual | Provision for Early Retirements | Total |
|---|---|---|---|
| Balance, April 30, 1997 | $ 1,942 | $ 6,870 | $ 8,812 |
| Increase (decrease) during year | (85) | (2,032) | (2,117) |
| Balance, April 30, 1998 | 1,857 | 4,838 | 6,695 |
| Increase (decrease) during year | 61 | (3,399) | (3,338) |
| Balance, April 30, 1999 | 1,918 | 1,439 | 3,357 |
| Less long-term portion | 0 | (719) | (719) |
| | $ 1,918 | $ 720 | $ 2,638 |

## 15. *Budget Versus Actual for 1999*

General - Operating Fund:

The University of Regina budgets for the change in the accumulated fund balance (deficit).

| | Budget | Actual |
|---|---|---|
| Revenues | $ 73,451 | $ 75,032 |
| Expenses | (71,440) | (68,816) |
| Net revenues (expenses) | 2,011 | 6,216 |
| Interfund Transfers | (1,511) | (1,803) |
| Net increase (decrease) in fund balance for year | $ 500 | $ 4,413 |

The University's revenue budget of $73,451 is net of interfund transfers of $516 and internal operating recoveries of $3,809.

The University's expense budget of $71,440 is net of the deficit reduction provision of $500, library acquisitions of $2,027, and internal operating recoveries of $3,809.

The Interfund transfer budget is comprised of the $516 excluded from the revenue budget, and library acquisitions of $2,027.

## University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

General - Ancillary Fund:

| | Budget | Actual |
|---|---|---|
| Revenues | $ 9,559 | $ 8,193 |
| Expenses | (9,077) | (8,218) |
| Net revenues (expenses) | 482 | (25) |
| Interfund Transfers | (350) | (398) |
| Net increase (decrease) in fund balance for year | $ 132 | $ (423) |

General - Special Projects Fund:

The University expected no change in the fund balance. It expects revenues to be sufficient to cover expenses incurred. There was actually a decrease in fund balance during the year of $62.

Restricted - Capital Asset Fund:

The Restricted – Capital Asset Fund budget sets out expected government grant revenues from the Department of Post-Secondary Education & Skills Training of $5,573 for capital projects. The University actually received $5,533. The University does not budget for expected income from operating leases, investments, other government grants and contracts, or contributions, gifts, donations and bequests. Revenues from those sources totaled $2,061.

The University expected to spend $5,573 on capital asset purchases and rental, maintenance, renovations and Restricted – Capital Asset Fund related expenditures. Actual expenses (net of unbudgeted capital asset amortization of $7,559) totaled $2,849. The University also purchased assets totaling $5,214 which were capitalized and not expensed.

The University does not budget for interfund transfers in the Restricted - Capital Asset Fund.

Restricted - Research Fund:

The University expected no change in the fund balance. There was actually an increase in fund balance during the year of $1,619.

Restricted - Trust Fund:

The University expected no change in the fund balance. There was actually a decrease in fund balance during the year of $583.

Endowment Fund:

The University does not budget for the endowment fund since revenues are primarily dependent upon contributions, gifts, donations and bequests.

## 16. *Operating Leases*

The University currently leases out three buildings. The following table discloses information about these properties.

| | ISM Building | | 2 Research Drive Building | | Daycare Building | |
|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Capital cost | $ 8,980 | $ 8,980 | $ 1,107 | $ 1,107 | $ 577 | $ 577 |
| Accumulated amortization | 1,796 | 1,571 | 106 | 78 | 71 | 56 |
| Amortization expense | 225 | 224 | 28 | 28 | 15 | 14 |
| Outstanding debt | 7,877 | 8,266 | 961 | 1,005 | 517 | 527 |
| Principal & interest paid | 945 | 945 | 134 | 138 | 54 | 54 |
| Income from Operating Leases | 1,160 | 1,172 | 93 | 121 | 54 | 50 |

## 17. *Related Party Transactions*

### a) Government of Saskatchewan

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its Board of Governors members appointed by the Government of Saskatchewan. To the extent that the government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies, such as corporations, boards and commissions, are considered related parties to the University.

Operating and capital grants received from the Department of Post-Secondary Education and Skills Training are disclosed separately in the Statement of Operations and Changes in Fund Balances.

During the year, the University's Faculty of Administration received a loan of $160 from Sasktel New Media Fund Inc (SNMF). This loan is to help finance the development of an internet website for the purposes of providing a distance learning component to the Faculty of Administration Senior Police Executive Education Development program. Based on the financial success of the program, the University agrees to repay the initial investment to SNMF, plus a 15% return on the initial investment.

During the year, The University and SaskPower were able to negotiate a ten year utility supply contract. A central portion of the contract involved the University constructing its own 72 kV substation. This enabled SaskPower to avoid necessary upgrading of the remainder of its system and for this they contributed $200,000 to the project. A further $446,000 (including interest) was paid to the University as a retroactive rebate of utility fees for the period 1 Jan 96 to 1 Jan 99. These are recorded as Other government grants and contracts revenue in the Restricted - Capital Asset Fund.

The University currently leases land to the Saskatchewan Opportunities Corporation (SOCO). The lease is for 99 years at one dollar per year expiring on June 30, 2097. The land shall be used for and devoted to research and technology development activities.

Routine operating transactions with Government of Saskatchewan related parties are recorded at the standard or agreed rates charged by those organizations and are settled on normal trade terms. The larger of these expenditures are as follows:

| | 1999 | 1998 |
|---|---|---|
| Sask. Power Corporation | $ 2,458 | $ 2,564 |
| Sask. Energy | 62 | 191 |
| Sask. Telecommunications | 557 | 532 |
| Sask. Property Management Corporation | 154 | 154 |
| University of Saskatchewan | 229 | 117 |
| Sask. Workers Compensation | 111 | 100 |
| Sask. Institute of Applied Science and Technology | 121 | 70 |
| Saskatchewan Centre of the Arts | 35 | 53 |

At year end, the University had accounts payable to the above organizations totaling $233 (1998 - $273). The University had an account receivable from the University of Saskatchewan of $383. Otherwise, the University had no significant accounts receivable from these organizations at either year end.

b) University of Regina Crown Foundation

The University is also related to the University of Regina Crown Foundation through representation on the Foundation's Board of Trustees. The Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University for the purpose of supporting and promoting its education or research activities. As at the end of the year, the Foundation had net assets of $0 (1998-$0). The Foundation transferred $0 (1998 - $118) to the University during the year.

c) Canadian Universities Reciprocal Insurance Exchange

The University of Regina is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public liability insurance risks of its members. All members pay annual deposit premiums that are actuarially determined and are subject to further assessment in the event members' premiums and reserves are insufficient to cover losses and expenses. No additional assessment was necessary for the current year. As of December 31, 1998, CURIE had a surplus of $10,928 (1997 - $9,400). During the year, the University received a payment of $33 from CURIE.

d) MacKenzie Art Gallery Inc.

The Gallery is custodian of a collection of artwork that is the property of the University. The University provides funding to the Gallery, which can be reduced if the government grant to the University is reduced. The Gallery's Board contains two members appointed by the University. The University holds certain money in trust for the Gallery. Income earned on this money is, from time to time, paid to the Gallery to be used to purchase additional works of art to add to the Collection and for the cleaning and restoration of works comprised in the

Collection. The University also provides other operating services to the Gallery such as audio visual, printing, and payroll services. The Gallery reimburses the University for these services.

During the year, the University applied grant money of $391 (1998 - $373) against the Gallery's receivable and paid $203 (1998 - $3) to the Gallery. The Gallery paid the University $711 (1998 - $383) for services rendered.

Amounts payable to and receivable from the Gallery were minimal at each year end.

The Gallery has given the University money to invest on its behalf in order to get better investment income. At year end, the balance of this investment, including accumulated interest totals $615 (1999 - $599) This amount is not included in the University's financial statements. The University does not charge the Gallery for this service.

e) Wascana Centre Authority

On April 1, 1962, the Wascana Centre Authority was constituted a body corporate under *The Wascana Centre Act*. The Government of Saskatchewan, the City of Regina and the University were named as participating parties. The University has a statutory obligation to the Authority for the cost of landscape construction and landscape maintenance performed on University owned land. Following is information regarding payments made to the Authority as prescribed by the Act.

| | 1999 | 1998 |
|---|---|---|
| Maintenance - Authority Land | $ 284 | $ 257 |
| Maintenance - University Land | 213 | 213 |
| Other miscellaneous payments | 104 | 116 |
| | $ 601 | $ 586 |

The University received grants of $209 (1998 - $247) from the Department of Post-Secondary Education and Skills Training to help fund the above payments to the Wascana Centre Authority.

The University follows Wascana Centre Authority bylaws when policing its parking lots and meters. The University's tickets are turned over to the City of Regina for collection. The City of Regina sends the ticket revenue to Wascana Centre Authority, who forwards it to the University. During the year, Wascana Centre Authority paid the University $75 (1998 - $78) in ticket revenue.

f) Federated Colleges

Three colleges located on the main campus - Campion College, Luther College and the Saskatchewan Indian Federated College (SIFC) are federated with the University but are financially and administratively independent. Students interested in registering in a federated college must meet the general entrance requirements of the University of Regina. Courses offered by the University and the colleges are open to all students. The University's Board of Governors sets the tuition rates that must be paid by all students. Degrees are granted by the University when students have completed all requirements. The University has agreements with the three colleges that determine how student fees are shared.

The following receipts and receivables resulted from the fee share agreements:

| | 1999 | 1998 |
|---|---|---|
| Receipts from Campion College | $ 1,135 | $ 1,417 |
| Receipts from Luther College | 1,043 | 1,067 |
| Receipts from SIFC | 100 | 690 |
| | $ 2,278 | $ 3,174 |
| Receivable from Campion College at year end | $ 50 | $ 59 |
| Receivable from Luther College at year end | 112 | 70 |
| Receivable from SIFC at year end | 270 | 447 |
| | $ 432 | $ 576 |

The University also provides other operating services to the colleges such as telephone, audio visual, library book purchasing, printing, and payroll services. The colleges reimburse the University for these services.

The following receipts and receivables resulted from these operating services:

| | 1999 | 1998 |
|---|---|---|
| Receipts from Campion College | $ 406 | $ 340 |
| Receipts from Luther College | 748 | 500 |
| Receipts from SIFC | 361 | 87 |
| | $1,515 | $ 927 |

| | 1999 | 1998 |
|---|---|---|
| Receivable from Campion College at year end | $ 1 | $ 24 |
| Receivable from Luther College at year end | 212 | 427 |
| Receivable from SIFC at year end | 125 | 220 |
| | $ 338 | $ 671 |

The University holds a number of trust funds on behalf of SIFC and Luther. The University also has other small agreements with the colleges. As a result of these, the University made payments to the colleges during the year as follows:

| | 1999 | 1998 |
|---|---|---|
| Payments to Luther College | $ 95 | $ 68 |
| Payments to SIFC | 403 | 476 |
| Payments to Campion College | 244 | 161 |

## g) Petroleum Technology Research Centre

The Petroleum Technology Research Centre (PTRC) is a federally incorporated not-for-profit organization. Its founding participants include The University of Regina, The Saskatchewan Research Council (SRC), Natural Resources Canada (NRCan) and Saskatchewan Energy and Mines.

The University's involvement with the PTRC includes providing administrative services such as banking, revenue recording, bill paying, and the preparation of certain financial reports. These services are provided at no charge to the PTRC. As a result of this service, the University holds PTRC cash in its bank, and has an account payable to the PTRC in the amount of $2,567 (1998 - $0).

The University also employs professors who carry out PTRC related research. These professors will remain employees of the University of Regina. The University has an agreement with NRCan whereby NRCan will reimburse the University for part of these professors' salaries and benefits. The PTRC member who will be the recipient of the benefits of the research will be determined on a project by project basis.

It is not possible to quantify the University's contribution to the PTRC in either the administrative or research areas.

## 18. *Uncertainty Due to the Year 2000*

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when processing information which uses year 2000 dates. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The University is currently working to resolve the potential effect of computer system failure in the event the University's computer programs fail to properly recognize the year 2000 on or after January 1, 2000. The effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability of the University to conduct its operations. The costs of addressing potential problems by modifying, replacing or retiring significant portions of computerized information systems, or by repairing damage caused by system failures, may have a material adverse effect on the University's financial position. Despite the University's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 problem affecting the University, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

## 19. *Commitments*

Just prior to year-end, the University signed contracts for the purchase of new chillers and cooling towers for the Central Heating Plant. These contracts are worth approximately $1,500 and are expected to be paid sometime during the late fall of 1999. Further spending will be necessary to get the chillers and cooling towers installed and functioning. No contracts were signed for this part of the upgrade prior to April 30, 1999.

Prior to year end, the University had also signed contracts for major renovations to the Administration Humanities Building to accommodate the School of Journalism. These renovations will cost approximately $990. By April 30, 1999, the University had already spent $389 on the renovation project. This amount has been capitalized as work in progress.

# University of Regina

Notes to the Financial Statements
For the Year Ended April 30,1999
With comparative figures for 1998
(in thousands of dollars)

## 20. *Subsequent Events*

On October 6, 1999, the University repaid in full the $916,200 principle amount owing on the long-term loan related to the building located on 2 Research Drive.

On September 2, 1999, the Board approved certain amendments to the Non-Academic Pension Plan which are effective January 1, 1999. The cost impact of these amendments has been included in the actuarial valuation information in Note 10. The amendments have the following effects:

- Increase the benefit formula for active members to 2% of the best 3-year average earnings for past and future service to December 31, 2010;
- Reduce the employee contribution formula to 5.15% or earnings; and
- Provide an ad-hoc increase to pensions in pay equal to the increase in inflation since December 31, 1995 (or since retirement if later).

On October 26, 1999, the Board approved an amendment to the Pension Plan for the Academic and Administrative Employees of the University of Regina which are effective January 1, 1999. The cost impact of this amendment has been included in the actuarial valuation information in Note 10. The amendment provides for indexing commencing one year after age 65, or one year after retirement if the member retires after age 65, based on the following:

i) the full increase in the Consumer Price Index (CPI) if it is less than 3.3%, or

ii) 3.3% if the increase in the CPI is greater than 3.3% and less than 4%, or

iii) CPI minus 0.7% if the increase in the CPI is greater than 4%.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of The University of Saskatchewan as at April 30, 1999, and the consolidated statements of operations and changes in fund balances, and of cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 1999 and the results of its operations and of its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
September 24, 1999 except for
Note 9 which is as of October 29, 1999

Wayne Strelioff, CA
Provincial Auditor

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Financial Position
As at April 30, 1999
(thousands of dollars)

Statement 1

| | General | Restricted | Endowment | Total | Restated Total 1998 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash and short term investments | $13,315 | $36,582 | $440 | $50,337 | $27,388 |
| Accounts receivable | 13,070 | 4,100 | 76 | 17,246 | 17,686 |
| Inventories | 6,605 | 0 | 0 | 6,605 | 6,691 |
| Prepaid expenses | 557 | 0 | 0 | 557 | 739 |
| Work in progress | 29 | 3,231 | 0 | 3,260 | 0 |
| | 33,576 | 43,913 | 516 | 78,005 | 52,504 |
| **Long Term Assets** | | | | | |
| Work in progress | 0 | 4,907 | 0 | 4,907 | 0 |
| Deferred costs (Note 3) | 0 | 0 | 0 | 0 | 561 |
| Long term investments (Note 4) | 68,753 | 50,503 | 90,673 | 209,929 | 211,041 |
| Investment in affiliated entities (Note 5) | 286 | 0 | 0 | 286 | 432 |
| Other assets | 372 | 1,415 | 0 | 1,787 | 1,934 |
| Capital assets (Note 6) | 0 | 261,178 | 0 | 261,178 | 262,783 |
| | 69,411 | 318,003 | 90,673 | 478,087 | 476,751 |
| | $102,987 | $361,916 | $91,189 | $556,092 | $529,255 |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued liabilities | $5,730 | $1,577 | $0 | $7,307 | $18,957 |
| Accrued vacation pay and assisted early retirement benefits | 9,958 | 23 | 0 | 9,981 | 8,880 |
| Unearned fees and other deferred revenue | 3,193 | 0 | 0 | 3,193 | 1,707 |
| Current portion of provision for claims payable | 1,150 | 0 | 0 | 1,150 | 1,408 |
| Current portion of long term debt | 0 | 102 | 0 | 102 | 68 |
| | 20,031 | 1,702 | 0 | 21,733 | 31,020 |
| **Long Term Liabilities** | | | | | |
| Long Term Disability Trust Fund - | | | | | |
| Provision for claims payable | 8,020 | 0 | 0 | 8,020 | 7,950 |
| Long-term debt (Note 7) | 0 | 3,042 | 0 | 3,042 | 3,113 |
| Capital lease (Note 8) | 0 | 16 | 0 | 16 | 0 |
| Accrual for assisted early retirement | 14,174 | 26 | 0 | 14,200 | 9,433 |
| Due to other funds | 247 | (172) | (75) | 0 | 0 |
| | 22,441 | 2,912 | (75) | 25,278 | 20,496 |
| | 42,472 | 4,614 | (75) | 47,011 | 51,516 |
| **Fund Balances** | | | | | |
| Externally restricted funds | 0 | 99,334 | 91,264 | 190,598 | 158,415 |
| Internally restricted funds | 16,719 | 0 | 0 | 16,719 | 14,764 |
| Invested in capital assets | 0 | 257,968 | 0 | 257,968 | 264,910 |
| Unrestricted funds | 43,796 | 0 | 0 | 43,796 | 39,650 |
| Total Fund Balances | 60,515 | 357,302 | 91,264 | 509,081 | 477,739 |
| | $102,987 | $361,916 | $91,189 | $556,092 | $529,255 |

Approved by the Board of Governors

W. E. Wyatt
Chair, Board of Governors

Laura M. Kennedy
Associate Vice-President (Financial Services)

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations and Changes in Fund Balances
For the Year Ended April 30, 1999
(thousands of dollars)

Statement 2

| | General | Restricted | Endowment | Total | Restated Total 1998 |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Government grants and contracts | | | | | |
| Government of Canada | $2,928 | $17,864 | $0 | $20,792 | $18,650 |
| Government of Saskatchewan | 155,653 | 30,863 | 8 | 186,524 | 182,191 |
| Other | 4,730 | 1,834 | 100 | 6,664 | 5,969 |
| Student fees | 49,244 | 0 | 0 | 49,244 | 45,526 |
| Gifts, grants and bequests | 10,788 | 20,746 | 3,527 | 35,061 | 28,863 |
| Sales of services and products | 70,811 | 0 | 0 | 70,811 | 61,007 |
| Income from investments | 7,273 | 8,984 | 34 | 16,291 | 26,784 |
| Real estate income | 297 | 110 | 0 | 407 | 0 |
| Miscellaneous income | 1,066 | 1,193 | 6 | 2,265 | 3,263 |
| | 302,790 | 81,594 | 3,675 | 388,059 | 372,253 |
| Expenses | | | | | |
| Salaries - academic | 101,107 | 1,434 | 0 | 102,541 | 99,357 |
| - other | 97,347 | 26,050 | 0 | 123,397 | 116,330 |
| Employee benefits | 21,094 | 2,407 | 0 | 23,501 | 22,502 |
| Operational supplies and expenses | 66,616 | 16,724 | 4 | 83,344 | 71,880 |
| Travel | 6,596 | 3,007 | 0 | 9,603 | 9,290 |
| Cost of goods sold | 14,505 | 0 | 0 | 14,505 | 14,347 |
| Equipment, rental, maintenance and renovations | 14,176 | 2,161 | 0 | 16,337 | 27,013 |
| Utilities | 11,547 | 9 | 0 | 11,556 | 10,789 |
| Amortization | 0 | 20,546 | 0 | 20,546 | 21,860 |
| Scholarships, bursaries and prizes | 5,332 | 1,466 | 0 | 6,798 | 5,842 |
| Interest | 0 | 213 | 0 | 213 | 215 |
| Meewasin Valley Authority levy | 0 | 574 | 0 | 574 | 574 |
| Bad debt expense | 44 | 0 | 1 | 45 | 29 |
| Internal cost recoveries (Note 13) | (50,911) | (5,242) | (90) | (56,243) | (57,071) |
| | 287,453 | 69,349 | (85) | 356,717 | 342,957 |
| Net revenues (expenses) | 15,337 | 12,245 | 3,760 | 31,342 | 29,296 |
| Interfund transfers (Note 14) | (9,236) | 4,259 | 4,977 | 0 | 0 |
| Net increase (decrease) in fund balances for year | 6,101 | 16,504 | 8,737 | 31,342 | 29,296 |
| Fund balances, beginning of year as restated | 54,414 | 340,798 | 82,527 | 477,739 | 448,443 |
| Fund balances, end of year | $60,515 | $357,302 | $91,264 | $509,081 | $477,739 |

The accompanying notes form an integral part of these Financial Statements

Statement 3

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Cash Flows
For the Year Ended April 30, 1999
(thousands of dollars)

| | General | Restricted | Endowment | Total | Restated Total 1998 |
|---|---|---|---|---|---|
| Operating Activities | | | | | |
| Net increase (decrease) in fund balance for year | $6,101 | $16,504 | $8,737 | $31,342 | $29,296 |
| Amortization of capital assets | 0 | 20,546 | 0 | 20,546 | 21,860 |
| Unrealized (gain) loss on investments | (44) | (1,806) | (2) | (1,852) | (13,825) |
| Total decrease (increase) in non-cash working capital | (13,948) | 17 | 2,092 | (11,839) | 4,041 |
| Cash generated from (used for) operating activities | (7,891) | 35,261 | 10,827 | 38,197 | 41,372 |
| Investing Activities | | | | | |
| Work in progress | 0 | (4,907) | 0 | (4,907) | 0 |
| Purchase of investments (net) | 14,269 | (837) | (10,468) | 2,964 | (103,280) |
| Investment in subsidiary companies | 146 | 0 | 0 | 146 | 543 |
| Purchase of capital assets and library holdings (net) | 0 | (18,941) | 0 | (18,941) | (18,638) |
| Cash (used for) investing activities | 14,415 | (24,685) | (10,468) | (20,738) | (121,375) |
| Financing Activities | | | | | |
| Debt financing proceeds (net of repayments) | 0 | (71) | 0 | (71) | (68) |
| Capital lease financing (net of repayments) | 0 | 16 | 0 | 16 | 0 |
| Assisted Early Retirement commitments | 4,787 | (20) | 0 | 4,767 | 542 |
| (Increase) decrease in deferred costs | 561 | 0 | 0 | 561 | 540 |
| Other assets | 216 | (69) | 0 | 147 | (142) |
| Long term disability claims | 70 | 0 | 0 | 70 | 191 |
| Cash (used for) financing activities | 5,634 | (144) | 0 | 5,490 | 1,063 |
| Net increase (decrease) in cash and short term deposits | 12,158 | 10,432 | 359 | 22,949 | (78,940) |
| Cash and short term deposits, beginning of year | 1,157 | 26,150 | 81 | 27,388 | 106,328 |
| Cash and short term deposits, end of year | $13,315 | $36,582 | $440 | $50,337 | $27,388 |

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations and Changes in Fund Balances - General Funds
For the Year Ended April 30, 1999
(thousands of dollars)

Statement 4

| | Operating | Ancillary | Specific Purpose | Total |
|---|---|---|---|---|
| Revenues | | | | |
| Government grants and contracts | | | | |
| Government of Canada | $0 | $0 | $2,928 | $2,928 |
| Government of Saskatchewan | 124,136 | 0 | 31,517 | 155,653 |
| Other | 3,058 | 0 | 1,672 | 4,730 |
| Student fees | 49,244 | 0 | 0 | 49,244 |
| Gifts, grants and bequests | 34 | 0 | 10,754 | 10,788 |
| Sales of services and products | 8,254 | 30,957 | 31,600 | 70,811 |
| Income from investments | 4,704 | 57 | 2,512 | 7,273 |
| Real estate income | 161 | 0 | 136 | 297 |
| Miscellaneous income | 224 | 0 | 842 | 1,066 |
| | 189,815 | 31,014 | 81,961 | 302,790 |
| Expenses | | | | |
| Salaries - academic | 80,558 | 0 | 20,549 | 101,107 |
| - other | 60,440 | 5,772 | 31,135 | 97,347 |
| Employee benefits | 17,579 | 687 | 2,828 | 21,094 |
| Operational supplies and expenses | 35,930 | 2,380 | 28,306 | 66,616 |
| Travel | 2,079 | 43 | 4,474 | 6,596 |
| Cost of goods sold | 0 | 14,505 | 0 | 14,505 |
| Equipment, rental, maintenance and renovations | 11,537 | 1,253 | 1,386 | 14,176 |
| Utilities | 6,848 | 4,682 | 17 | 11,547 |
| Scholarships, bursaries and prizes | 2,116 | 0 | 3,216 | 5,332 |
| Bad debt expense | 40 | 0 | 4 | 44 |
| Internal cost recoveries (Note 13) | (30,388) | 0 | (20,523) | (50,911) |
| | 186,739 | 29,322 | 71,392 | 287,453 |
| Net revenues (expenses) | 3,076 | 1,692 | 10,569 | 15,337 |
| Interfund transfers (Note 14) | (7,804) | (969) | (463) | (9,236) |
| Net increase (decrease) in fund balances for year | (4,728) | 723 | 10,106 | 6,101 |
| Fund balances, beginning of year as restated | (305) | 5,424 | 49,295 | 54,414 |
| Fund balances, end of year | ($5,033) | $6,147 | $59,401 | $60,515 |

The accompanying notes form an integral part of these Financial Statements

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations and Changes in Fund Balances - Restricted Funds
For the Year Ended April 30, 1999
(thousands of dollars)

Statement 5

| | Capital | Research | Trust | Total |
|---|---|---|---|---|
| Revenues | | | | |
| Government grants and contracts | | | | |
| Government of Canada | $0 | $17,764 | $100 | $17,864 |
| Government of Saskatchewan | 15,016 | 15,847 | 0 | 30,863 |
| Other | 0 | 1,834 | 0 | 1,834 |
| Gifts, grants and bequests | 0 | 15,438 | 5,308 | 20,746 |
| Sales of services and products | 0 | 0 | 0 | 0 |
| Income from investments | 500 | 104 | 8,380 | 8,984 |
| Real estate income | 0 | 0 | 110 | 110 |
| Miscellaneous income | 1,024 | 50 | 119 | 1,193 |
| | 16,540 | 51,037 | 14,017 | 81,594 |
| Expenses | | | | |
| Salaries - academic | 0 | 1,377 | 57 | 1,434 |
| - other | 0 | 26,022 | 28 | 26,050 |
| Employee benefits | 0 | 2,403 | 4 | 2,407 |
| Operational supplies and expenses | 87 | 13,641 | 2,996 | 16,724 |
| Travel | 0 | 2,988 | 19 | 3,007 |
| Equipment, rental, maintenance and renovations | 964 | 1,165 | 32 | 2,161 |
| Utilities | 0 | 9 | 0 | 9 |
| Amortization | 20,546 | 0 | 0 | 20,546 |
| Scholarships, bursaries and prizes | 0 | 87 | 1,379 | 1,466 |
| Interest | 213 | 0 | 0 | 213 |
| Meewasin Valley Authority levy | 574 | 0 | 0 | 574 |
| Internal cost recoveries (Note 13) | 0 | (5,053) | (189) | (5,242) |
| | 22,384 | 42,639 | 4,326 | 69,349 |
| Net revenues (expenses) | (5,844) | 8,398 | 9,691 | 12,245 |
| Interfund transfers (Note 14) | 19,658 | (8,612) | (6,787) | 4,259 |
| Net increase (decrease) in fund balances for year | 13,814 | (214) | 2,904 | 16,504 |
| Fund balances, beginning of year as restated | 264,910 | 28,755 | 47,133 | 340,798 |
| Fund balances, end of year | $278,724 | $28,541 | $50,037 | $357,302 |

The accompanying notes form an integral part of these Financial Statements

Statement 6

THE UNIVERSITY OF SASKATCHEWAN
Consolidated Statement of Operations by College
All Funds
For the Year Ended April 30, 1999
(thousands of dollars)

| | Agriculture | Arts & Science | Commerce | Dentistry | Education | Engineering | Grad Studies | Law | Medicine | Nursing | Pharm & Nutr | Kinesiology | Vet Med | Extension | Other Instr | Admin & General | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | | | | | | | | |
| University operating budget | | | | | | | | | | | | | | | | | |
| Original budget | $8,347 | $35,648 | $5,035 | $3,102 | $7,596 | $8,749 | $716 | $2,371 | $16,453 | $2,565 | $2,366 | $2,297 | $11,026 | $3,394 | $21,589 | $49,274 | $180,528 |
| Budget revisions | (38) | (209) | 48 | (116) | (86) | (72) | 39 | (47) | (692) | 14 | (24) | 103 | 43 | 72 | 1,883 | (181,446) | (180,528) |
| Revised budget | 8,309 | 35,439 | 5,083 | 2,986 | 7,510 | 8,677 | 755 | 2,324 | 15,761 | 2,579 | 2,342 | 2,400 | 11,069 | 3,466 | 23,472 | (132,172) | 0 |
| Government grants and contracts | | | | | | | | | | | | | | | | | |
| Government of Canada | 2,533 | 5,950 | 47 | 10 | 551 | 3,142 | 424 | 0 | 3,980 | 127 | 161 | 16 | 516 | 50 | 169 | 3,116 | 20,792 |
| Province of Saskatchewan | 8,864 | 864 | 0 | 70 | 16 | 743 | 0 | 15 | 28,421 | 70 | 124 | 35 | 1,024 | 259 | 907 | 145,092 | 186,524 |
| Other | 680 | 69 | 0 | 0 | 84 | 14 | 0 | 0 | 543 | 0 | 0 | 0 | 1,350 | 0 | 0 | 3,924 | 6,664 |
| Student Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 638 | 0 | 48,606 | 49,244 |
| Gifts, grants and bequests | 7,542 | 1,536 | 585 | 62 | 468 | 2,014 | 428 | 364 | 7,657 | 68 | 1,748 | 323 | 1,306 | 9 | 174 | 10,779 | 35,081 |
| Sales of services and products | 1,816 | 827 | 781 | 738 | 448 | 430 | 84 | 91 | 17,129 | 180 | 217 | 2,586 | 5,120 | 2,223 | 1,677 | 36,456 | 70,811 |
| Income from investments | 2,324 | 492 | 215 | 26 | 63 | 142 | 69 | 583 | 593 | 29 | 55 | 49 | 288 | 3 | 23 | 11,339 | 16,291 |
| Real estate income | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 63 | 0 | 0 | 128 | 0 | 0 | 0 | 214 | 407 |
| Miscellaneous Income | 750 | 29 | 0 | 0 | 0 | 5 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 1,487 | 2,285 |
| | 32,820 | 45,226 | 6,711 | 3,892 | 9,160 | 15,167 | 1,760 | 3,367 | 74,147 | 3,053 | 4,645 | 5,546 | 20,671 | 6,648 | 28,426 | 128,820 | 388,059 |
| **Expenses** | | | | | | | | | | | | | | | | | |
| Salaries | | | | | | | | | | | | | | | | | |
| Academic | 5,375 | 25,315 | 3,938 | 1,716 | 5,432 | 5,986 | 189 | 1,844 | 29,104 | 2,016 | 1,626 | 1,568 | 6,585 | 1,761 | 2,021 | 8,072 | 102,541 |
| Other | 12,085 | 10,346 | 1,137 | 1,029 | 1,624 | 4,280 | 786 | 546 | 27,016 | 610 | 1,173 | 1,785 | 6,713 | 2,038 | 11,133 | 41,105 | 123,397 |
| Employee Benefits | 1,917 | 3,955 | 549 | 302 | 782 | 1,104 | 86 | 253 | 4,523 | 302 | 296 | 364 | 1,348 | 406 | 2,583 | 4,744 | 23,501 |
| Operational supplies and expenses | 7,054 | 4,058 | 804 | 775 | 831 | 1,576 | 197 | 539 | 12,153 | 232 | 774 | 1,446 | 8,184 | 1,549 | 5,359 | 39,813 | 83,344 |
| Travel | 811 | 1,446 | 201 | 63 | 249 | 503 | 61 | 70 | 2,844 | 66 | 144 | 907 | 354 | 573 | 877 | 1,135 | 9,803 |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,505 | 14,505 |
| Equipment rental, maintenance and renovations | 2,478 | 1,568 | 108 | 84 | 165 | 1,065 | 46 | 11 | 1,986 | 30 | 67 | 273 | 1,012 | 93 | 7,258 | 97 | 16,337 |
| Utilities | 64 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 0 | 0 | 38 | 0 | 49 | 11,385 | 11,556 |
| Amortization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,548 | 20,548 |
| Scholarships, bursaries and prizes | 264 | 225 | 75 | 7 | 65 | 109 | 2,029 | 73 | 421 | 24 | 41 | 35 | 140 | 2 | 61 | 3,207 | 6,798 |
| Interest | 0 | 0 | 12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 201 | 213 |
| Meewasin valley authority levy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 574 | 574 |
| Bad debt expense | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 17 | 0 | 14 | 4 | 45 |
| Internal cost recoveries | (2,260) | (3,358) | (788) | (29) | (478) | (740) | (2,497) | (429) | (7,018) | (56) | (169) | (312) | (1,707) | (710) | (6,200) | (29,474) | (56,243) |
| | 27,788 | 43,564 | 6,034 | 3,953 | 8,680 | 13,863 | 887 | 2,907 | 70,746 | 3,223 | 3,933 | 5,637 | 20,682 | 5,733 | 23,173 | 115,914 | 356,717 |
| Net revenues (expenses) | 5,032 | 1,662 | 677 | (61) | 480 | 1,304 | 873 | 460 | 3,401 | (170) | 712 | (91) | (11) | 915 | 3,253 | 12,906 | 31,342 |
| Interfund transfers | (1,624) | (1,653) | 24 | 0 | (429) | (91) | 18 | (24) | 4 | 4 | (25) | (3) | (67) | (4) | (116) | 3,986 | 0 |
| | 3,408 | 9 | 701 | (61) | 51 | 1,213 | 891 | 436 | 3,405 | (166) | 687 | (94) | (78) | 911 | 3,137 | 16,892 | 31,342 |
| Contingency account adjustments | | | | | | | | | | | | | | | | | |
| Transfers | (290) | (454) | (313) | (6) | (58) | (101) | 0 | (76) | (239) | (5) | (41) | (64) | (410) | (15) | 3 | (3,822) | (5,911) |
| Tuition revenue sharing | 320 | 532 | 498 | 36 | 23 | 383 | 0 | 4 | (85) | (22) | 80 | 271 | (16) | 158 | 0 | 72 | 2,374 |
| Other adjustments | 26 | (51) | (16) | 14 | 62 | 12 | 0 | 37 | (52) | 62 | 38 | 6 | (37) | (107) | (3,024) | 5,223 | 2,183 |
| Fall-in | 102 | 322 | 62 | 35 | 49 | 41 | 0 | 20 | 401 | 13 | 36 | 0 | 133 | 0 | 97 | 133 | 1,444 |
| Net increase (decrease) in fund balances for year | 3,566 | 358 | 932 | 18 | 127 | 1,548 | 891 | 421 | 3,430 | (118) | 800 | 119 | (408) | 947 | 213 | 18,498 | 31,342 |
| Fund balances, beginning of year | 54,143 | 15,537 | 4,440 | 806 | 3,877 | 6,042 | 1,932 | 10,616 | 28,064 | 899 | 2,312 | 1,576 | 10,937 | 1,323 | 6,160 | 329,075 | 477,739 |
| Fund balances, end of year | $ 57,709 | $ 15,895 | $ 5,372 | $ 824 | $ 4,004 | $ 7,590 | $ 2,823 | $ 11,037 | $ 31,494 | $ 781 | $ 3,112 | $ 1,695 | $ 10,529 | $ 2,270 | $ 6,373 | $ 347,573 | $ 509,081 |

# THE UNIVERSITY OF SASKATCHEWAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 1999

(THOUSANDS OF DOLLARS)

### 1. Authority and Purpose

"The University of Saskatchewan" is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the University is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The University is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

### 2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with generally accepted accounting principles. The following accounting policies and reporting practices are considered significant:

#### a) Basis of Consolidation

The consolidated financial statements include the accounts of the following entities:

- University of Saskatchewan Technologies Inc., a wholly-owned subsidiary of the University. The company's mission is to evaluate, protect and exploit University controlled intellectual property.
- Agricoll Research Investments Inc., a wholly-owned subsidiary of the University. Through Agricoll, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under the Crown Foundation Act of Saskatchewan. The Foundation was created for the purpose of receiving gifts of real and personal property and provide transfers of property to the University of Saskatchewan.

Affiliated entities, which are effectively controlled by the University but not included in the consolidated financial statements are:

- Canadian Prairie Feed Resource Centre Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The objectives of the company include providing leadership for research, innovation, product development, and technology transfer in feed ingredient utilization.
- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- Western Beef Development Centre Inc., a non-profit corporation whose membership is restricted to members of the Board of Governors of the University of Saskatchewan. The mandate of the company is to support the efficient and orderly economic advancement of the Western Canadian beef industry.

#### b) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

c) Fund Accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

i) General Funds are unrestricted and account for the University's program delivery, service and administrative activities. These funds are further classified as Operating, Ancillary and Specific Purpose.

Operating Funds account for the University's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.

Ancillary Funds provide goods and services to the University community which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

Specific Purpose Funds are designated for specific projects or purposes.

ii) Restricted Funds carry restrictions on the use of resources for particular defined purposes. These funds are further classified as Capital, Research and Trust.

Capital Funds account for the acquisition of capital assets, major renovations and improvements to capital assets.

Research Funds account for activities in support of research.

Trust Funds account for activities that have been stipulated by donors and contributors.

iii) Endowment Funds account for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

d) Inventories

Inventories are valued at the lower of cost and net realizable value which is determined by the first in first out method, with the exception of feedlot cattle. Feedlot cattle are stated at market value.

e) Deferred Costs

The University records deferred costs to account for capital assets acquired by means of internal cash loans from operating funds. Internal loans of this nature occur when it is advantageous for the University to use its own cash resources rather than borrowing or leasing from outside parties.

f) Investments

Short term investments are carried at the lower of cost and market value. Long term investments consist primarily of pooled funds and are carried at market value.

g) Investment in Affiliated Entities

The University of Saskatchewan uses the equity method to account for profit-oriented affiliated entities in which the University of Saskatchewan exercises significant influence, but does not control. Under the equity method of accounting, the investment is initially recorded at cost and the carrying value of the investment is adjusted to recognize the University of Saskatchewan's proportionate share of the net earnings (losses) of the entity.

Non-profit affiliated entities in which the University of Saskatchewan exercises significant influence, but does not control, and all other investments are recorded at cost less any permanent decline in the value of the investment.

h) Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are reported at fair market value upon receipt by the University. Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight line method over their estimated useful lives as follows:

| | |
|---|---|
| Site improvements | 20 years |
| Buildings | 40 years |
| Computers | 3 years |
| Equipment & furnishings | 6 to 8 years |
| Library materials | 10 years |

i) Donations and Pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-Kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation.

Pledges made by donors to the University for donations to be received in future years are not recorded in the financial statements.

j) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received. Other restricted revenue is recognized on the completed contract method.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

k) Fair value

The fair values of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, and accrued vacation pay approximate their carrying value due to the short term nature of these assets and liabilities.

## 3. Deferred costs

| | 1999 | 1998 |
|---|---|---|
| Water conservation costs, including capital costs for the Education and Phys Ed pools make-up water systems and the LINAC equipment cooling system - amortized against the utility expenditures on the basis of estimated annual savings in utility costs. | $ 0 | $ 561 |

## 4. Long Term Investments

| | 1999 | | | | 1998 |
|---|---|---|---|---|---|
| | Less than 5 years | 5 to 10 years | More than 10 years | Total Fair Value | Total Fair Value |
| Bonds & Debentures | $ 82,589 | $ 14,593 | $ 16,951 | $ 114,133 | $ 125,844 |
| Equities | | | | | |
| Canadian | 0 | 0 | 41,244 | 41,244 | 33,128 |
| Foreign | 0 | 0 | 44,665 | 44,665 | 36,166 |
| Other Investments | $ 9,887 | 0 | 0 | 9,887 | 15,903 |
| | $ 92,476 | $ 14,593 | $ 102,860 | $ 209,929 | $ 211,041 |
| market yield | 4.85 - 17% | 5.7 - 14% | 5.4 - 11.25% | | |

Investments are placed with government guaranteed securities and well capitalized, high quality financial institutions. By policy, the University limits the amount of credit risk exposure in any one type of investment instrument.

## 5. Investment in affiliated entities

| | 1999 | 1998 |
|---|---|---|
| Investment accounted on the equity basis: | | |
| Biostar Inc. | $ 0 | $ 147 |
| MRV Ltd. | 0 | 0 |
| Investments recorded on the cost basis: | | |
| Saskatchewan Food Industry Development Centre Inc. | 0 | 0 |
| Prairie Diagnostic Services Inc. | 0 | 0 |
| Biostar Inc. | 0 | 0 |
| Alviva Biopharmaceuticals Inc. | 0 | 0 |
| CanEd International Inc. | 0 | 0 |
| Ceapro Inc. | 25 | 25 |
| Ag-Spec Analytical Services Ltd. | 260 | 260 |
| Pharmaderm Laboratories Inc. | 0 | 0 |
| GlobalEd Multimedia Technologies Inc. | 1 | 0 |
| | $ 286 | $ 432 |

Investments which have a nominal value are shown with a nil cost.

The following summarizes the financial information of affiliated entities which are effectively controlled by the University, but not included in the consolidated financial statements:

| | 1999 | | 1998 | |
|---|---|---|---|---|
| | Prairie Swine Centre Inc. | Western Beef Development Centre Inc. | Prairie Swine Centre Inc. | Western Beef Development Centre Inc. |
| Total Assets | $ 5,438 | $ 808 | $ 2,703 | $ 106 |
| Total Liabilities | 3,782 | 404 | 869 | 49 |
| Total Revenue | 2,539 | 678 | 2,842 | 492 |
| Total Expenses | 2,717 | 666 | 2,521 | 444 |
| Excess of revenue over expenses | (178) | 12 | 321 | 48 |
| Cash Flow from: | | | | |
| Operating Activities | 2,902 | 281 | 332 | 58 |
| Investing Activities | (94) | (353) | (330) | (10) |
| Financing Activities | (122) | 73 | (11) | 0 |
| Increase (decrease) in cash | 2,686 | 1 | (9) | 48 |

Included in the accounts of the University are transactions with these affiliated entities, including the following:

| | 1999 | 1998 |
|---|---|---|
| Sales of services and products | $ 927 | $ 678 |
| Interest income | 17 | 23 |
| Expenditures | 178 | 178 |
| Accounts receivable | 188 | 71 |
| Other Assets | 358 | 458 |
| Accounts payable and accrued liabilities | 13 | 36 |

6. Capital assets

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 1,898 | $ 0 | $ 1,898 | $ 1,898 |
| Buildings | 344,699 | 144,071 | 200,628 | 206,179 |
| Site improvements | 18,894 | 9,831 | 9,063 | 9,128 |
| Computers | 52,703 | 45,629 | 7,074 | 5,381 |
| Equipment and furnishings | 99,422 | 84,949 | 14,473 | 13,751 |
| Library materials | 78,851 | 50,809 | 28,042 | 26,446 |
| | $ 596,467 | $ 335,289 | $ 261,178 | $ 262,783 |

7. Long Term Debt

| | | 1999 | 1998 |
|---|---|---|---|
| a) | Canada Mortgage and Housing Corp. - 6 7/8% Debentures due May 1, December 1, 2020 | $ 2,736 | $ 2,791 |
| | These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services | | |
| b) | Loan payable to the Government of Saskatchewan - General Revenue Fund | 376 | 390 |
| | As part of the original arrangements for repayment of a loan to Canada Mortgage and Housing Corporation, it was agreed that $600 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Ancillary operations of $33 per year. | | |
| | | 3,112 | 3,181 |
| | Less amounts payable within one year | (70) | (68) |
| | | $ 3,042 | $ 3,113 |

8. Capital Lease

The University leases certain equipment under an agreement which is classified as a capital lease. Costs and accumulated amortization of such assets totaled $73 and $7 (1998 - nil).

As of April 30, 1999, future minimum lease payments under the capital lease are as follows:

| | 1999 | 1998 |
|---|---|---|
| fiscal year ended April 30, 2000 | $ 34 | $ 0 |
| fiscal year ended April 30, 2001 | 17 | 0 |
| Total future minimum lease payments | 51 | 0 |
| less amount representing interest at 9% per annum | (3) | 0 |
| Present value of future minimum lease payments | 48 | 0 |
| less current portion | (32) | 0 |
| Long Term Capital Lease | $ 16 | $ 0 |

9. Pension Funds

a) The University is responsible for the administration of the Academic Pension Plan, the Non-Academic Pension Plan and the Clinician's Service Side Pension Plan, all of which are contributory defined benefit, final average pension plans. Actuarial valuations are completed regularly as prescribed by statute and any unfunded pension plan liabilities are the responsibility of the University. The University contributes to the plans on behalf of its employees based on the advice of the plans' actuary with minimum amounts specified in accordance with the plans and in the collective bargaining agreements. The assets, including any potential surplus in the plan, are for the benefit of the members and their beneficiaries. There is no provision that allows the withdrawal of the surplus by the University. The market related value was determined using a five year average of the ratio of market value to book value.

i) Academic Pension Plan

An actuarial valuation of the Pension Plan for the Academic Employees of the University of Saskatchewan was performed as at December 31, 1998. The valuation indicates that the fund is in a very strong position to meet its statutory obligations with a total estimated surplus of $55,285.

| | December 31 1998 | December 31 1997 |
|---|---|---|
| Market Related Value of Assets | $ 571,847 | $ 519,864 |
| Actuarial Present Value of Accrued Pension Benefits | 516,562 | 460,137 |
| Estimated Surplus | $ 55,285 | $ 59,727 |

On the advice of the Actuary, and with the approval of the University the surplus in excess of the amount of $24,168 estimated to be required to be held in the fund as a reserve balance as at December 31, 1998 will be available to improve benefits provided by the plan.

ii) Non-Academic Pension Plan

An actuarial valuation of the Non-Academic Pension Plan as at January 1, 1999 indicates that the plan has a surplus of $30,177 which is held in a contingency reserve.

| | January 1 1999 | January 1 1998 |
|---|---|---|
| Market Related Value of Assets | $ 154,123 | $ 138,505 |
| Actuarial Present Value of Accrued Pension Benefits | 123,946 | 118,117 |
| Estimated Surplus | $ 30,177 | $ 20,388 |

On the advice of the Actuary, and with the approval of the University, a portion of the surplus in excess of the contingency reserve balance of $12,765 will be available to improve benefits provided by the plan.

iii) Clinician's Service Side Pension Plan

An actuarial valuation of the Clinician's Service Side Pension Plan for the Clinical Employees of the University of Saskatchewan was performed as at December 31, 1998. The valuation indicates that the plan has a surplus of $.124 million which is held in a contingency reserve. On the advice of the actuary, and with the approval of the University, a portion of the surplus in excess of the contingency reserve balance will be available to improve benefits provided by the plan.

b) The University is also responsible for the administration of the Research Pension Plan, a defined contribution plan. As at December 31, 1998, the plan held assets of $25,661 offset by obligations to employees of the same amount.

10. Commitments - Capital Fund

The estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 1999 is approximately $11,950 (1998 - $1,346).

## 11. Gifts-in-Kind and Donation Pledges

Gifts-in-Kind in the amount of $5,988 were received and recorded in the year (1998 - $565). Gifts-in-Kind consist of the following:

| | 1999 | 1998 |
|---|---|---|
| Works of art | $ 282 | $ 346 |
| Equipment and furnishings | 37 | 19 |
| Investments | 5,305 | 85 |
| Library holdings | 244 | 67 |
| Other | 120 | 48 |
| | $ 5,988 | $ 565 |

Donations pledged but not received as at April 30, 1999 totaled $8,618 (1998 - $6,784). These pledges are expected to be honored during the subsequent five year period and will be recorded as revenue when received.

## 12. General Operating Expenditures

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget | Expenditures | Expenditures |
| Agriculture | $ 8,347 | $ 8,442 | $ 8,208 |
| Arts and Science | 35,648 | 35,318 | 35,357 |
| Commerce | 5,035 | 5,494 | 4,662 |
| Dentistry | 3,102 | 3,083 | 3,303 |
| Education | 7,596 | 7,293 | 7,258 |
| Engineering | 8,749 | 8,607 | 8,513 |
| Graduate Studies | 716 | 715 | 634 |
| Law | 2,371 | 2,334 | 2,182 |
| Medicine | 16,453 | 15,756 | 15,362 |
| Nursing | 2,565 | 2,698 | 2,694 |
| Pharmacy and Nutrition | 2,366 | 2,329 | 2,298 |
| Kinesiology | 2,297 | 2,594 | 2,300 |
| Veterinary Medicine | 11,026 | 10,829 | 10,494 |
| Extension Division | 3,394 | 3,318 | 3,265 |
| Other Instructional | 21,589 | 20,607 | 20,009 |
| Administration | 49,274 | 56,838 | 50,064 |
| Net expenditures for internal reporting purposes | 180,528 | 186,255 | 176,603 |
| Reclassification of net expenditures, included in College totals above as a recovery or expense, and restated for financial statement purposes: | | | |
| External cost recoveries restated as Sales of services and products (Statement 4) | 5,912 | 8,288 | 13,744 |
| Interfund transfers eliminated for financial statement purposes (Statement 4) | 0 | (7,804) | (7,590) |
| Expenditures for financial statement purposes | $ 186,440 | $ 186,739 | $ 182,757 |

## 13. Internal cost recoveries

Sales and services provided by one part of the university to another part are recorded as internal cost recoveries. These recoveries are eliminated from the expenditure activity of the University as follows:

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Gross Expenditures | Net Recovery | Net Expenditures | Net Expenditures |
| Salaries - academic | $ 102,541 | $ (371) | $ 102,170 | $ 99,094 |
| Salaries - other | 123,397 | (1,819) | 121,578 | 115,231 |
| Employee benefits | 23,501 | (152) | 23,349 | 22,486 |
| Operational supplies and expenses | 83,344 | (44,503) | 38,841 | 36,738 |
| Travel | 9,603 | (138) | 9,465 | 9,227 |
| Cost of goods sold | 14,505 | (29) | 14,476 | 14,055 |
| Equipment, rental, maintenance and renovations | 16,337 | (8,571) | 7,766 | 7,868 |
| Utilities | 11,556 | (538) | 11,018 | 9,820 |
| Amortization | 20,546 | 0 | 20,546 | 21,860 |
| Scholarships, bursaries and prizes | 6,798 | (11) | 6,787 | 5,807 |
| Interest | 213 | (111) | 102 | 168 |
| Meewasin Valley Authority levy | 574 | 0 | 574 | 574 |
| Bad debt expense | 45 | 0 | 45 | 29 |
| Internal cost recoveries | (56,243) | 56,243 | 0 | 0 |
| | $ 356,717 | $ 0 | $ 356,717 | $ 342,957 |

## 14. Interfund Transfers

During 1998/99, the University transferred the following to the Capital Fund to fund the acquisition of assets: $7,684 from Operating, $1,042 from Ancillary, $5,011 from Specific Purpose, $1,390 from Trust, and $4,531 from Research.

In addition, the following transfers occurred between funds to properly reflect activity according to the various fund definitions: $4,765 was transferred from Trust to Endowment, $73 was transferred from Operating to Ancillary, $45 was transferred from Operating to Specific Purpose, $2 was transferred from Operating to Research, $91 was transferred from Trust to Specific Purpose, $190 was transferred from Specific Purpose to Endowment, $541 was transferred from Trust to Research, $22 was transferred from Research to Endowment and $4,602 was transferred from Research to Specific Purpose.

## 15. Related Party Transactions

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Provincial Government exercises significant influence over the operations of the University, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the University.

Revenue amounts received from the Government of Saskatchewan are disclosed separately in the Statement of Operations.

Routine expenditures with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions and the amounts outstanding at year-end are as follows:

| | 1999 | 1998 |
|---|---|---|
| Sales of services and products - physicians' billings | $ 16,238 | $14,429 |
| Expenditures - Utilities | 9,727 | 8,604 |
| - Other | 10,970 | 5,827 |
| Accounts receivable | 5,527 | 4,780 |
| Long term investments | 3,667 | 5,633 |
| Accounts payable and accrued liabilities | 140 | 213 |
| Deferred revenue | 941 | 450 |

16. Prior Period Adjustment

In 1998, the University changed its accounting policies regarding capital assets in compliance with the recommendation of The Canadian Institute of Chartered Accountants. At that time the University should also have restated its deferred costs. The effects of this correction are as follows:

| | 1999 | 1998 |
|---|---|---|
| Total Fund Balance, beginning of year as previously reported | $ 479,722 | $ 450,426 |
| Restatement - deferred costs | (1,983) | (1,983) |
| Total Fund Balance, beginning of year as restated | $ 477,739 | $ 448,443 |

17. Uncertainty Due to the Year 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The University is currently working to resolve the potential effect of computer system failure in the event the University's computer programs fail to properly recognize the year 2000 before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

Despite the University's efforts to address this issue, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the University, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

18. Subsequent Events

The University has been awarded a significant research grant by the Canada Foundation For Innovation to construct the Canadian Light Source Facility. Funding is being provided as construction costs are incurred over the next five years to a maximum of $56.4 million or 40% of the actual costs. To date, construction contracts have been awarded by the university in the amount of $5.2 million.

19. Comparative Figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan as at December 31, 1999 and the statement of operations for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 7, 2000

Wayne Strelioff, CA
Provincial Auditor

# EXTENDED HEALTH CARE PLAN
# STATEMENT OF FINANCIAL POSITION

## STATEMENT 1

**AS AT DECEMBER 31**

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Extended Health Care Fund | Benefit Plans' Surplus Fund | Total | Total |
| **ASSETS** | | | | |
| Cash | $ - | $ - | $ - | $ 991,104 |
| Due from General Revenue Fund (Note 4) | - | 4,707,495 | 4,707,495 | 418,909 |
| Employer contributions receivable | 281,347 | 128,221 | 409,568 | 320,518 |
| Interest receivable | - | - | - | 4,035 |
| Prepaid insurance premiums | 386,392 | - | 386,392 | - |
| | $ 667,739 | $4,835,716 | $5,503,455 | $1,734,566 |
| **LIABILITIES AND NET ASSETS** | | | | |
| Liabilities: | | | | |
| Due to General Revenue Fund (Note 4) | $1,191,161 | $ - | $1,191,161 | $ 418,909 |
| Accounts payable | 767 | - | 767 | 541 |
| Advance from General Revenue Fund | 275,000 | - | 275,000 | 275,000 |
| Net assets (Deficit) (Statement 2) | (799,189) | 4,835,716 | 4,036,527 | 1,040,116 |
| | $ 667,739 | $4,835,716 | $5,503,455 | $1,734,566 |

(See accompanying notes to the financial statements)

## EXTENDED HEALTH CARE PLAN STATEMENT OF OPERATIONS

## STATEMENT 2

### FOR THE PERIOD ENDED DECEMBER 31

| | | | | 1999 | 1998 |
|---|---|---|---|---|---|
| | Budget | Extended Health Care Fund | Benefit Plans' Surplus Fund | Total | Total |
| **REVENUES** | | | | | |
| Employer contributions | $6,195,000 | $3,217,670 | $3,218,680 | $6,436,350 | $3,935,131 |
| Interest (Note 4) | 50,000 | - | 118,424 | 118,424 | 38,595 |
| | 6,245,000 | 3,217,670 | 3,337,104 | 6,554,774 | 3,973,726 |
| **EXPENSES** | | | | | |
| Insurance premiums | $3,320,000 | $3,525,538 | $ - | $3,525,538 | $3,087,622 |
| Service fees | 500 | - | - | - | 100 |
| Revolving fund administration | 48,175 | 1,328 | - | 1,328 | 160 |
| Interest expense (Note 4) | - | 31,497 | - | 31,497 | 15,169 |
| | 3,368,675 | 3,558,363 | - | 3,558,363 | 3,103,051 |
| Surplus (Deficit) for the year | 2,876,325 | (340,693) | 3,337,104 | 2,996,411 | 870,675 |
| NET ASSETS (DEFICIT), BEGINNING OF PERIOD | 1,040,116 | (458,496) | 1,498,612 | 1,040,116 | 169,441 |
| NET ASSETS (DEFICIT), END OF PERIOD - to statement 1 | $3,916,441 | $ (799,189) | $4,835,716 | $4,036,527 | $1,040,116 |

(See accompanying notes to the financial statements)

# EXTENDED HEALTH CARE PLAN
# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 1999

## 1. Description of the Plan

The Extended Health Care Plan (Plan) was established on October 1, 1996 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain union employees of the Government of Saskatchewan.

The Plan is composed of the Extended Health Care Fund and the Benefit Plans' Surplus Fund.

### Extended Health Care Fund

The Extended Health Care Fund receives contributions from employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1.03% of regular pay for Saskatchewan Government Employees' Union members (SGEU) and 1.23% of regular pay for Canadian Union of Public Employees', Local 600-3 Union members (CUPE). The contribution rates are pursuant to SGEU and CUPE collective bargaining agreements.

The Plan pays premiums out of the Extended Health Care Fund to the Canada Life Assurance Company who provide insured extended health coverage as outlined in an agreement. The Plan's risk is limited to the payment of its premiums. The Government through the Minister of Finance entered into an agreement with Canada Life Assurance Company for a period of 39 months until December 31, 1999. The Government through the Minister of Finance has entered into another agreement effective January 1, 2000 with Group Medical Services to provide insured extended health coverage.

### Benefit Plans' Surplus Fund

The Benefit Plans' Surplus Fund (Surplus Fund) was required to be established to meet the terms of the SGEU collective bargaining agreement and the CUPE collective bargaining agreement. The Surplus Fund receives contributions from employers whose participation in the plan has been approved by the Lieutenant Governor in Council. The contribution rates are as follows:

- .37% to September 30, 1999 of regular pay of SGEU members
- .47% from October 1, 1999 of regular pay of SGEU members
- .37% to December 19, 1999 of regular pay of CUPE members
- .82% from December 20, 1999 of regular pay of CUPE members

The SGEU Collective Agreement also required a one-time lump sum contribution of $2,000,000 from the SGEU employers. The Surplus Fund received this lump sum contribution in October 1999 from the Minister of Finance.

The purpose of the Surplus Fund is to off set cost increases arising from extended health care benefits and future dental plan enhancements. The Surplus Fund is administered under directions from the Joint Board of Trustees, made up of equal representation of union members and employers' representatives. The Joint Board of Trustees approves the use of the net assets of the Surplus Fund.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

### a) Accrual Basis

These financial statements are prepared on the accrual basis of accounting.

## 3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from below:

Extended Health Care Fund

| | |
|---|---|
| Premiums received | $ 3,172,800 |
| Interest paid | (32,019) |
| Insurance premiums paid | (3,912,243) |
| PEBA Revolving Fund administration paid | (790) |
| Increase in Due to General Revenue Fund | $ (772,252) |

Benefit Plans' Surplus Fund

| | |
|---|---|
| Premiums received | $3,174,500 |
| Interest received | 122,982 |
| Net increase in Due from General Revenue Fund and Cash | $3,297,482 |

## 4. Due from/to General Revenue Fund

The monies of the Extended Health Care Fund and Benefit Plans' Surplus Fund are commingled in one bank account. For reporting, the amount due from/to General Revenue Fund to the Benefit Plans' Surplus Fund and from the Extended Health Care Fund are shown separately. The interest income and interest expense are determined as outlined below.

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan as of July 1, 1999. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

## 5. Financial Instruments

The Plan's financial instruments include due from/to General Revenue Fund, employer contributions receivable, interest receivable, and accounts payable. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

## 6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

All employer contributions and contributions receivable are from related parties.

The Plan is managed by the Public Employees Benefits Agency (PEBA). The PEBA Revolving Fund charged the Plan $1,328 for administration.

### 7. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is interest-free with no fixed maturity date.

### 8. Budget

The Plan submitted the budget to Treasury Board

### 9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

### 10. Comparative Figures

Certain comparative figures have been restated to conform with the current year's financial statement presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 1999 and the statement of operations for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Wayne Strelioff, CA
Provincial Auditor

Regina, Saskatchewan
February 7, 2000

## EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 1
## STATEMENT OF FINANCIAL POSITION

### AS AT DECEMBER 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Due from General Revenue Fund (Note 4) | $1,310,514 | $919,226 |
| Employer contributions receivable | 42,543 | 36,147 |
| Prepaid insurance premiums | 92,535 | - |
| | $1,445,592 | $955,373 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities: | | |
| Accounts payable | $ 66,204 | $ 45,826 |
| Net assets (Statement 2) | 1,379,388 | 909,547 |
| | $1,445,592 | $955,373 |

(See accompanying notes to the financial statements)

## EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 2
## STATEMENT OF OPERATIONS

### YEAR ENDED DECEMBER 31

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **REVENUES** | | | |
| Employer contributions | $1,238,000 | $1,279,392 | $1,207,794 |
| Interest (Note 4) | 45,000 | 54,978 | 37,530 |
| | 1,283,000 | 1,334,370 | 1,245,324 |
| **EXPENSES** | | | |
| Insurance premiums | 852,000 | 863,337 | 792,395 |
| Revolving fund administration | 24,775 | 1,192 | - |
| | 876,775 | 864,529 | 792,395 |
| Surplus for the year | 406,225 | 469,841 | 452,929 |
| NET ASSETS, BEGINNING OF YEAR | 909,547 | 909,547 | 456,618 |
| NET ASSETS, END OF YEAR - to Statement 1 | $1,315,772 | $1,379,388 | $ 909,547 |

(See accompanying notes to the financial statements)

## EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 1999

### 1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government of Saskatchewan.

The Plan is funded from employer contributions, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The contribution rate is 1% of regular pay as approved by the Minister of Finance.

The Plan pays premiums to the Canada Life Assurance Company who provide insured extended health coverage as outlined in an agreement. The Plan's risk is limited to the payment of its premiums. The Government through the Minister of Finance entered into an agreement with Canada Life Assurance Company for a period of 39 months until December 31, 1999. The Government through the Minister of Finance has entered into another agreement with Group Medical Services to provide insured extended health coverage.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

These financial statements are prepared on the accrual basis of accounting.

### 3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from below:

| | |
|---|---|
| Premiums received | $1,273,547 |
| Interest received | 54,978 |
| Insurance premiums paid | (957,081) |
| PEBA Revolving Fund administration paid | (654) |
| Collected on behalf of others | 136,018 |
| Paid on behalf of others | (115,520) |
| Increase in Due from General Revenue Fund | $ 391,288 |

### 4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

## 5. Financial Instruments

The Plan's financial instruments include Due from General Revenue Fund, employer contributions receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

## 6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

All employer contributions and employer contribution receivables are from related parties.

The Plan is managed by the Public Employees Benefits Agency. The PEBA Revolving Fund charged the Plan $1,192 for administration.

The Plan also receives amounts from the Legislative Assembly Office, Judges, Human Rights Commission, Prairie Diagnostic Services, and other caucus groups and makes payments to Canada Life Assurance Company on their behalf. During the year, the Plan received $136,018 (1998 - $116,295) from the General Revenue Fund for the above groups and paid $115,520 (1998 - $91,302) to Canada Life Assurance Company . The balance of $65,115 (1998 - $44,617) is shown as an accounts payable on the statement of financial position. These receipts and payments are not considered part of the Plan's operations and are not included in the statement of operations.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

## 7. Budget

The Plan submitted the budget to Treasury Board.

## 8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the statement of net assets available for benefits of the Judges of the Provincial Court Superannuation Plan as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at March 31, 2000 and the changes in the net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 4, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

## JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

**STATEMENT 1**

**AS AT MARCH 31**

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Investments | | |
| Due from General Revenue Fund (Notes 6 & 7) | $ 64,885 | $ 94,960 |
| Cash and short-term investments | 804,830 | 730,355 |
| Bonds and debentures | 4,911,240 | 4,456,103 |
| Equities | 2,935,639 | 3,330,856 |
| Pooled funds | 2,127,267 | 894,643 |
| | 10,843,861 | 9,506,917 |
| Receivables (Note 7) | | |
| Employees' contributions | 18,400 | 18,631 |
| Accrued investment income | 85,698 | 72,508 |
| Other | 4,885 | 5,660 |
| Total assets | 10,952,844 | 9,603,716 |
| **LIABILITIES** | | |
| Accounts payable (Note 7) | 20,484 | 17,973 |
| Total liabilities | 20,484 | 17,973 |
| NET ASSETS AVAILABLE FOR BENEFITS (Statement 2) | $10,932,360 | $9,585,743 |

(See accompanying notes to the financial statements)

## JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT 2

YEAR ENDED MARCH 31

| | 2000 | 1999 |
|---|---|---|
| **INCREASE IN ASSETS** | | |
| Investment income | | |
| Interest | $ 318,894 | $ 304,951 |
| Dividends-Equities | 47,624 | 52,822 |
| Dividends-Pooled Funds | 123,791 | 15,079 |
| Other | 5,198 | 2,895 |
| | 495,507 | 375,747 |
| Market value adjustment | 870,648 | 35,824 |
| Contributions by judges | 227,514 | 224,629 |
| Deficiency payment from General Revenue Fund (Note 4) | 1,477,338 | 1,352,679 |
| Total increase in assets | 3,071,007 | 1,988,879 |
| **DECREASE IN ASSETS** | | |
| Administration expenses (Notes 8 & 10) | 93,018 | 78,398 |
| Superannuation allowances | | |
| Magistrates' Court Act | 167,134 | 166,554 |
| Provincial Court Act | 1,464,238 | 1,299,463 |
| Total decrease in assets | 1,724,390 | 1,544,415 |
| INCREASE IN NET ASSETS | 1,346,617 | 444,464 |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | 9,585,743 | 9,141,279 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR - to Statement 1 | $10,932,360 | $9,585,743 |

(See accompanying notes to the financial statements)

# JUDGES OF THE PROVINCIAL COURT SUPERANNUATION PLAN NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2000

## 1. Description of the Plan

### a) General

The Judges of the Provincial Court Superannuation Plan was established on October 1, 1978 under *The Provincial Court Act* (Act) (continued as *The Provincial Court Act, 1998*) to provide defined benefit final average pensions to the Judges of the Provincial Court of Saskatchewan.

The Act also established the Judges of the Provincial Court Superannuation Fund to accumulate all contributions paid by judges, any investment income and payments received from the General Revenue Fund. Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

Under *The Provincial Court Act, 1998*, the members are entitled to a retirement benefit from the registered pension plan under *The Provincial Court Pension Plan Regulations* and an additional retirement benefit under *The Provincial Court Compensation Regulations*. The additional retirement benefit is not part of the registered pension plan.

Further plan details are contained in the Act, and the related regulations.

### b) Administration

The Minister of Finance administers the Judges of the Provincial Court Superannuation Fund and is responsible for the investment of the Fund. Day-to-day administration is provided by the Public Employees Benefits Agency.

### c) Funding Policy

Judges contribute 5% of salary each year.

### d) Retirement

The normal retirement age is 65. Judges appointed under *The Magistrates' Courts Act* retire at age 70. There are only two active members remaining who will receive benefits under *The Magistrates' Courts Act*. There are nine members appointed under *The Magistrates' Courts Act* who have elected to receive benefits under *The Provincial Court Act, 1998*.

### e) Registered Pension Plan

Pursuant to *The Provincial Court Pension Plan Regulations*, the annual pension payable to a superannuated judge is 2% of the average salary received by the judge during the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

**Additional Retirement Benefits**

Pursuant to *The Provincial Court Compensation Regulations*, judges are entitled to receive a retirement benefit including the benefit from the registered pension plan of 3% of the average salary received by the judge during the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

Under *The Provincial Court Compensation Regulations*, judges who have served for at least 18 years, have attained the age of 58 years or more and the total of the judges age in years and years of contributory service equals 80 or more are entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average annual salary received by the judge during the judge's highest three years of salary.

*The Provincial Court Compensation Regulations* provide for benefits for judges appointed after September 31, 1978 and before December 13, 1985. A judge appointed between these dates who was 50 years or less on the day of his or her appointment, was engaged in the practice of law for 10 years prior to appointment, was a member in good standing of the bar in a province of Canada for at least 10 years prior to appointment, retires at age 65 and at retirement has served continuously for at least 15 years as a judge is entitled to a retirement benefit including the benefit from the registered pension plan of 70% of the average annual salary received by the judge during the judge's highest three years of salary.

### f) Refunds of Contributions

A judge who retires, resigns or is removed from office and who is not entitled to receive a pension, is entitled to receive a refund of contributions together with interest.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following policies are considered significant.

### a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

### b) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are recorded at cost which approximates market value.

Pooled funds are recorded based on the quoted market price of the underlying investments, normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements as a market value adjustment.

Fair value approximates the market value of investments.

## 3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

## Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 5.1% to 6.1% (1999 - 4.7% to 4.9%) and an average term to maturity of 101 (1999 - 104) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1", as rated by a recognized credit rating service. Other than the Government of Canada, no single issuer represents more than 18.9% (1999 - 17.7%) of the market value of the short-term investment portfolio.

## Bonds and Debentures

The Plan's investment policy states that corporate bonds must meet a minimum quality standard of BBB as rated by a recognized bond rating agency. BBB rated bonds cannot exceed 15% of the market value of the bond portfolio. As at March 31, 2000, the Plan held 0.4% (1999 - 0.4%) in BBB bonds.

| | 2000 | | | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
| Under 5 | $ 747,957 | $307,336 | $412,595 | $1,467,888 | 5.3-7.6% | 4.9-8.0% | $1,900,264 | 4.5-7.3% | 4.5-8.0% |
| 5-10 | 770,105 | 438,226 | 179,360 | 1,387,691 | 5.7-7.9% | 5.5-8.8% | 968,617 | 5.4-7.4% | 5.5-8.8% |
| Over 10 | 1,653,842 | 252,442 | 149,377 | 2,055,661 | 5.7-7.4% | 5.5-8.0% | 1,587,222 | 5.3-6.9% | 5.5-10.3% |
| Market Value | $3,171,904 | $998,004 | $741,332 | $4,911,240 | | | $4,456,103 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

## Equities

The Plan's equities include common shares that have no fixed maturity dates and are generally not exposed to the interest rate risk. Dividends are generally declared on an annual basis. The average effective dividend rate is 1.52%.

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the portfolio and no one holding to represent more than 10% of the voting shares of a corporation. Foreign equities represent 0% (1999 - 9.9%) of the market value of the Plan.

### Pooled Funds

The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the fund manager. The Plan limits its investment in pooled funds to 10% of the market value of the pooled fund unless provision is made to withdraw assets "in-kind" from the fund.

Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's pooled funds are comprised of $1,137,542 (1999 - $800,996) in the Greystone Managed Investments Non-North American Fund, $115,534 (1999 - $93,647) in the Greystone Managed Investments Emerging Market Fund, and $874,192 (1999 - $0) in the Greystone US Equity Pooled Fund.

## 4. Deficiency Payment from the General Revenue Fund

Section 22 of *The Provincial Court Act, 1998* provides that annuities being paid under *The Magistrates' Courts Act* shall be paid out of the Judges of the Provincial Court Superannuation Fund (Fund). A judge of the Magistrates Court may elect to receive an annuity to which he/she was entitled under *The Magistrates' Courts Act* rather than contributing to the Fund and receiving benefits as determined by *The Provincial Court Act, 1998*. Accordingly, the annuities which are now or will become payable under *The Magistrates' Courts Act* are considered to be a deficiency and the Fund is reimbursed by way of a statutory appropriation from the General Revenue Fund each year. Also considered as a deficiency for administrative purposes are any amounts payable under *The Provincial Court Act, 1998* to superannuates which are in excess of an individual's accumulated contributions, and payments from the General Revenue Fund are increased accordingly. In addition, lump sum contributions may be received from the General Revenue Fund to reduce any unfunded liability.

| | 2000 | 1999 |
|---|---|---|
| Deficiencies - *The Magistrates' Courts Act* | $ 167,134 | $ 166,554 |
| - *The Provincial Court Act, 1998* | 1,310,204 | 1,186,125 |
| | $1,477,338 | $1,352,679 |

## 5. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on services and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was made as of September 30, 1999 by Aon Consulting and an extrapolation was made to March 31, 2000. Previous to this an actuarial valuation of the Plan was performed as at December 31, 1996 and extrapolated to March 31, 1999 by William M. Mercer Ltd.

The actual present value of benefits as at March 31 and the principal components of changes in actuarial present values during the year were as follows:

| | (in thousands of dollars) 2000 | 1999 |
|---|---|---|
| Actuarial present value of accrued pension benefits at beginning of year | $35,016 | $ 32,990 |
| Interest accrued on benefits | 2,394 | 2,339 |
| Experience loss (gain) | 6,873 | - |
| Change in assumptions and benefit improvements | 3,093 | - |
| Benefits accrued | 1,424 | 1,177 |
| Benefits paid | (1,631) | (1,466) |
| Adjustments re: indexing | - | (24) |
| Actuarial present value of accrued pension benefits, end of year | 47,169 | 35,016 |
| Net assets available for benefits | 10,932 | 9,586 |
| Unfunded liability | $36,237 | $25,430 |

The significant long-term assumptions used in determining the actuarial value of accrued pension benefits are as follows:

- interest rate is 6.25%
- salary escalation rate is 2.0% increasing to 3.25%
- inflation rate is 2.0% increasing to 3.25%

The changes in the long-term assumptions from the previous valuations are as follows:

- Interest rate has decreased from 7% to 6.25%.
- Inflation rate has been decreased from 4% to 2% for the period 2000 to 2002, increasing to 3.25% in 2003 and thereafter.
- Salary increases have been adjusted to be equal to inflation. The previous valuation used inflation plus 1%.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions she considers advisable.

The pension liability is long-term in nature. The plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligations. Therefore, determination of the fair value of the pension liability is not practical.

The pension liability is based on a number of assumptions about future events including: salaries, interest rate, inflation, post-retirement indexing, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The following illustrates the effect on the pension liability if the assumptions used in estimating the liabilities change:

| | Long-term Assumptions | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Inflation* | | Salary | | Interest Rate | | Post-retirement Indexing | |
| Assumptions | 4.25% | 2.25% | 4.25% | 2.25% | 7.25% | 5.25% | 2.125% | 1.125% |
| (Decrease) increase in liability | (5.6%) | 6.2% | 1.6% | (1.4%) | (11.2%) | 13.6% | 5.1% | (4.7%) |

- A change in the inflation rate of 1% has a corresponding change in the interest rate and salary scale of 1% and post-retirement indexing of .5%.

The unfunded liability for the Plan is not payable immediately. The expected cash inflows from contributions and investment income and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The net cash outflows for the next 5 years would be $12.7 million, in the next 10 years $30.7 million and in the next 30 years $140.1 million.

If there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

## 6. Due from General Revenue Fund

The Judges of the Provincial Court Superannuation Fund Bank Account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The earned interest on the bank account is calculated and paid from the General Revenue Fund on a quarterly basis into the bank account using the Government's thirty day borrowing rate and the average daily bank account balance. The Government's average thirty day borrowing rate in 1999/2000 was 4.79%.

## 7. Due from General Revenue Fund/Receivables/Accounts Payable

These financial instruments are interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates their carrying value.

## 8. Related Party Transactions

### a) Administration

Expenses associated with administering the Plan are paid out of the Fund to the Public Employees Benefits Agency Revolving Fund.

### b) Investment Holding

Included in the totals for bonds and debentures are Province of Saskatchewan bonds and debentures of $70,068 (1999 - $248,866). Income earned on these bonds and debentures for the year totalled $5,583 (1999 - $13,244).

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.

## 9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Minister. The Public Employees Benefits Agency reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

| | 2000 | Rolling Four Year Average Annual Return |
|---|---|---|
| Plan's actual rate of return (a) | 13.6% | 15.3% |
| Target rate of return (b) | 16.8% | 14.3% |

(a) Annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Standard & Poors 500 US Stock Index and the Scotia Capital Markets Universe Bond Index.

## 10. Administrative Expenses

| | 2000 | 1999 |
|---|---|---|
| Administration - PEBA Revolving Fund | $50,931 | $42,838 |
| Custodian Fees - Royal Trust | 16,993 | 13,936 |
| Investment management fees - Greystone Capital Management Inc. | 25,094 | 21,624 |
| | $93,018 | $78,398 |

The budget for administration - PEBA Revolving Fund was $54,498 for the year (1999 - $39,696). Custodian and investment management fees are based on the market value of the Fund's portfolio.

## 11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Liquor Board Superannuation Plan as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 1999 and the changes in the net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 8, 2000

Wayne Strelioff, CA
Provincial Auditor

## LIQUOR BOARD SUPERANNUATION COMMISSION

STATEMENT 1

## LIQUOR BOARD SUPERANNUATION PLAN
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Investments | | |
| Due from General Revenue Fund (Note 5) | $ 31,067 | $ 17,128 |
| Cash and short term investments | 949,675 | 925,545 |
| Bonds and debentures | 6,271,011 | 6,917,548 |
| Equities | 4,234,057 | 4,340,598 |
| Pooled Funds | 2,438,449 | 2,282,817 |
| | 13,924,259 | 14,483,636 |
| Receivables | | |
| Employees' contributions | 7,190 | 14,336 |
| Employer's contributions | 38,893 | 65,843 |
| Accrued investment income | 68,306 | 92,631 |
| Other | 151,729 | 866 |
| Total assets | 14,190,377 | 14,657,312 |
| **LIABILITIES** | | |
| Administration expenses payable | 14,759 | 17,824 |
| Other payables | - | 33,584 |
| Total liabilities | 14,759 | 51,408 |
| NET ASSETS AVAILABLE FOR BENEFITS (Statement 2) | $14,175,618 | $14,605,904 |

(See accompanying notes to the financial statements)

## LIQUOR BOARD SUPERANNUATION COMMISSION

## STATEMENT 2

## LIQUOR BOARD SUPERANNUATION PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**YEAR ENDED DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| **INCREASE IN ASSETS** | | |
| Investment income | | |
| Interest | $ 418,131 | $ 490,191 |
| Dividends | 57,751 | 70,234 |
| Pooled funds-dividends | 377,932 | 334,817 |
| Other | 4,497 | 6,503 |
| | 858,311 | 901,745 |
| Market value adjustment | 476,487 | 480,252 |
| Contributions | | |
| Employees' | 166,713 | 174,266 |
| Employer's | 1,089,606 | 1,215,935 |
| Total increase in assets | 2,591,117 | 2,772,198 |
| **DECREASE IN ASSETS** | | |
| Superannuation allowances | 2,923,281 | 2,946,668 |
| Administration expenses (Note 8) | 98,122 | 103,200 |
| Refunds and transfers | - | 4,776 |
| Total decrease in assets | 3,021,403 | 3,054,644 |
| (Decrease) increase in net assets | (430,286) | (282,446) |
| NET ASSETS AVAILABLE FOR BENEFITS, beginning of year | 14,605,904 | 14,888,350 |
| NET ASSETS AVAILABLE FOR BENEFITS, end of year - to Statement 1 | $14,175,618 | $14,605,904 |

(See accompanying notes to the financial statements)

## LIQUOR BOARD SUPERANNUATION COMMISSION

## LIQUOR BOARD SUPERANNUATION PLAN NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 1999

### 1. Description of the Plan

#### a) General

The Liquor Board Superannuation Plan is a defined benefit final average pension plan established under *The Liquor Board Superannuation Act*. Membership is comprised of employees and Board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978. Complete Plan details are contained in *The Liquor Board Superannuation Act*.

#### b) Administration

The Liquor Board Superannuation Commission administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

#### c) Superannuation Fund

The Act also established the Liquor Board Superannuation Fund to account for all transactions of the Plan.

#### d) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions. The employer contributes a fixed percentage of the members' contributions as necessary to fund the benefits provided by the Plan. This rate is set periodically by the Commission on the advice of the Actuary.

#### e) Retirement

Normal retirement is at age 65. Employees may retire earlier under certain conditions.

#### f) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

#### a) Basis of Accounting

These financial statements are prepared using the accrual basis of accounting.

b) **Investments**

Investments in bonds, debentures and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, reference is made to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

Short term investments are valued at cost which approximates market value.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

Fair value approximates the market value of investments.

## 3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

**Short Term Investments**

These investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.8% to 5.5% (1998 - 4.6% to 5.1%) and an average term to maturity of 111 (1998 - 124) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating and Canadian grain companies with an "R-2 high", as rated by a recognized credit rating service. Other than Government of Canada no single issuer represents more than 19.0% of the market value (1998 - 20.6%) of the short term investment portfolio.

**Bonds and Debentures**

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 12% of the bond portfolio may be invested in BBB rated bonds. As at December 31, 1999, the Plan held 0.3% (1998 - 1.6%) of its portfolio in BBB bonds.

| | 1999 | | | | | | 1998 | | |
|---|---|---|---|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
| Under 5 | $ 852,536 | $ 444,304 | $469,491 | $1,766,331 | 5.0-7.6% | 4.9-8.0% | $3,352,765 | 4.9-7.7% | 4.9-8.5% |
| 5 - 10 | 1,090,854 | 543,377 | 274,770 | 1,909,001 | 5.8-8.0% | 5.5-8.8% | 2,195,180 | 5.4-7.3% | 5.5-8.8% |
| Over 10 | 1,987,189 | 440,789 | 167,701 | 2,595,679 | 3.7-7.4% | 4.3-8.5% | 1,369,603 | 5.3-6.6% | 5.5-8.5% |
| Market Value | $3,930,579 | $1,428,470 | $911,962 | $6,271,011 | | | $6,917,548 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Equities

| | Market Value | |
|---|---|---|
| | 1999 | 1998 |
| Common shares - Canadian | $4,196,857 | $4,228,177 |
| Private equity | 37,200 | 112,421 |
| | $4,234,057 | $4,340,598 |

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the portfolio and no one holding to represent more than 10% of the common stock in any corporation. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.35%.

### Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the Greystone U.S. Equity Fund and Greystone Non-North American Fund.

## 4. Unfunded Liability

An actuarial valuation of the Liquor Board Superannuation Plan was performed as at June 30, 1999 and extrapolated to December 31, 1999 by Aon Consulting. Previous to this, an actuarial valuation of the Plan was performed as at December 31, 1996 and extrapolated to December 31, 1998 by William M. Mercer Limited. The actuary used the projected benefit method prorated on services to determine actuarial present value of accrued pension benefits.

The principal components of change in the actuarial present values as at December 31 are as follows:

| | 1999<br>($ thousand) | 1998<br>($ thousand) |
|---|---|---|
| Actuarial present value of accrued pension benefits, beginning of year | $38,886 | $38,842 |
| Experience (gain) | (1,113) | (81) |
| Effect of change in assumptions | 4,250 | - |
| Interest accrued on benefits | 2,652 | 2,647 |
| Benefits accrued and members transferred in | 459 | 429 |
| Benefits paid | (2,923) | (2,951) |
| Actuarial present value of accrued pension benefits, at end of the year | 42,211 | 38,886 |
| Net assets available for benefits (Statement 1) | 14,176 | 14,606 |
| Unfunded liability | $28,035 | $24,280 |

The pension liability is based on a number of assumptions about future events including: interest rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long term assumptions used.

Significant long term actuarial assumptions used in the valuation were:

- general salary increases are expected to be 2.0% in 2000 to 2002 increasing to 3.25% in 2003 and thereafter
- the inflation rate for 2000 to 2002 is expected to be 2.0% increasing to 3.25% in 2003 and thereafter
- interest rate is 6.25% for 1999 and thereafter.

The changes in the long term assumptions from the previous valuation are as follows:

- inflation rate which was estimated to be 3.0% increasing to 4.0% is now 2.0% increasing to 3.25%
- salary increases which were projected to be 1.0% greater than inflation are now projected to be equal to inflation, and
- the interest rate which was estimated to be 7.0% has now been estimated at 6.25%

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 3.25%, salary 3.25%, interest rate 6.25% and post retirement indexing 1.625%.

| | Long Term Assumptions | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Inflation* | | Salary | | Interest | | Post Retirement Indexing | |
| | 4.25% | 2.25% | 4.25% | 2.25% | 7.25% | 5.25% | 2.125% | 1.125% |
| (Decrease) increase in liability | (4.8%) | 5.3% | 1.6% | (1.5%) | (10.0%) | 12.1% | 4.5% | (4.2%) |

* A change in the inflation rate of 1% has a corresponding change in the interest rate of 1%, in the salary scale of 1% and in the post retirement indexing of 0.5%.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases as they are subject to Lieutenant Government in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions he considers advisable. An increase of 1.61% granted effective April 1, 1999 has been reflected in the valuation.

The unfunded liability is not payable immediately. The cash inflows from contributions and investment income and the cash outflow to pay the required pension obligation are calculated using the above assumptions. The net cash outflows in the next 5 years would be $14.0 million, in the next 10 years $28.6 million and in the next 30 years $93.5 million. If there are insufficient monies in the Fund to pay allowances or other payments, the Liquor and Gaming Authority is obligated to pay any such deficiency to the Fund. The Liquor and Gaming Authority plans to provide an amount of employer contributions such that cash inflows will equal cash outflows.

The unfunded liability could be funded if payments of approximately $2,934,000 were made each year for 15 years assuming an interest rate of 6.25%.

## 5. Due From General Revenue Fund

The Liquor Board Superannuation Plan bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

## 6. Related Party Transactions

### a) Administration

The operating expenses associated with administering the Plan are paid out of the Fund to the Public Employees Benefits Agency Revolving Fund except for custodial and investment management fees which are paid directly. In 1999, expenses for administration made to the Public Employees Benefits Agency Revolving Fund totalled $95,465 (1998 - $71,065).

### b) Provincial Bonds and Debentures

The Plan holds investments in bonds and debentures of the Province of Saskatchewan at December 31, 1999 of $123,514 (1998 - $135,942).

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms.

### c) Greystone Capital Management Inc.

During 1999 the Plan sold all shares of GCMI. As at December 31, 1998, the Plan held 2,007 common shares, 0.21% of the total outstanding.

## 7. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

| | 1999 | Rolling Four Year Average Annual Return |
|---|---|---|
| Plan's actual rate of return (a) | 10.3% | 12.0% |
| Target rate of return (b) | 12.7% | 11.4% |

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Morgan & Stanley Canadian Index-World and the Scotia Capital Markets Universe Bond Index.

## 8. Administration Expenses

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Administration - PEBA Revolving Fund | $97,775 | $ 95,465 | $ 71,065 |
| Custodian fees - Royal Trust | - | 16,440 | 14,916 |
| Investment management fees - Greystone | - | (13,783) | 17,219 |
| | $97,775 | $ 98,122 | $103,200 |

Custodian and investment management fees are based on the market value of the portfolio.

## 9. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities.

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) employees' and employers' contributions receivable
b) accrued investment income
c) other receivables
d) due from General Revenue Fund
e) cash
f) administration expenses payable
g) other payables

For all other investments, fair values are considered to be market value, the calculation of which is described in note 2.

## 10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Members of the Legislative Assembly Superannuation Plan as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at March 31, 2000 and the changes in the net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 13, 2000

FWendel

Fred Wendel, CMA, CA
Acting Provincial Auditor

STATEMENT 1

# THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

### AS AT MARCH 31

| | | | | 2000 | 1999 |
|---|---|---|---|---|---|
| | **Defined Benefits** | **Defined Contributions** | **Annuities** | **Total** | **Total** |
| **ASSETS** | | | | | |
| Investments (Note 3 & Schedule 1) | | | | | |
| Short-term | $ - | $ 1,336,383 | $ 164,750 | $ 1,501,133 | $ 1,413,483 |
| Bonds and debentures | - | 8,865,377 | 965,682 | 9,831,059 | 9,232,467 |
| Equities | - | 5,353,634 | 583,157 | 5,936,791 | 6,837,877 |
| Pooled funds | - | 3,851,841 | 419,571 | 4,271,412 | 1,883,648 |
| | - | 19,407,235 | 2,133,160 | 21,540,395 | 19,367,475 |
| Receivables | | | | | |
| Members' contributions | - | 32,612 | - | 32,612 | 33,847 |
| Minister of Finance contributions | - | 139,880 | - | 139,880 | 294,855 |
| Due from General Revenue Fund (Note 10) | - | 31,438 | 3,424 | 34,862 | - |
| Accrued investment income | - | 162,982 | 17,753 | 180,735 | 156,895 |
| Other | 4,041 | - | - | 4,041 | 4,379 |
| | 4,041 | 366,912 | 21,177 | 392,130 | 489,976 |
| Cash | - | 4,890 | 533 | 5,423 | 4,970 |
| Total assets | 4,041 | 19,779,037 | 2,154,870 | 21,937,948 | 19,862,421 |
| **LIABILITIES** | | | | | |
| Accumulated provision for annuities payable (Note 7) | - | - | 1,900,000 | 1,900,000 | 1,907,000 |
| Due to General Revenue Fund | - | - | - | - | 44,198 |
| Accounts payable | 4,041 | 15,288 | 1,837 | 21,166 | 23,357 |
| Total liabilities | 4,041 | 15,288 | 1,901,837 | 1,921,166 | 1,974,555 |
| NET ASSETS AVAILABLE FOR BENEFITS (Statement 2) | $ - | $19,763,749 | $ 253,033 | $20,016,782 | $17,887,866 |

(See accompanying notes to the financial statements)

STATEMENT 2

## THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

### FOR THE YEAR ENDED MARCH 31

| | | | | 2000 | 1999 |
|---|---|---|---|---|---|
| | **Defined Benefits** | **Defined Contributions** | **Annuities** | **Total** | **Total** |
| **INCREASE IN ASSETS** | | | | | |
| Investment income | | | | | |
| Interest | $ - | $ 571,361 | $ 62,237 | $ 633,598 | $ 638,678 |
| Dividends | - | 304,469 | 33,165 | 337,634 | 139,291 |
| | - | 875,830 | 95,402 | 971,232 | 777,969 |
| Current period change in market values of investments | - | 1,564,678 | 170,436 | 1,735,114 | 80,833 |
| Contributions | | | | | |
| Members | 8,553 | 447,360 | - | 455,913 | 387,341 |
| Minister of Finance - General Revenue Fund | 2,225,516 | 447,000 | - | 2,672,516 | 2,583,298 |
| | 2,234,069 | 894,360 | - | 3,128,429 | 2,970,639 |
| Total increase in assets | 2,234,069 | 3,334,868 | 265,838 | 5,834,775 | 3,829,441 |
| **DECREASE IN ASSETS** | | | | | |
| Annual allowances | 2,134,226 | - | 174,809 | 2,309,035 | 2,241,794 |
| Administration expenses (Note 9) | 99,843 | 18,065 | 1,968 | 119,876 | 103,117 |
| Change in provision for annuities payable (Note 7) | - | - | (7,000) | (7,000) | (12,000) |
| Equity transfers out | - | 1,283,948 | - | 1,283,948 | 2,091,314 |
| Total decrease in assets | 2,234,069 | 1,302,013 | 169,777 | 3,705,859 | 4,424,225 |
| Increase (decrease) in net assets | - | 2,032,855 | 96,061 | 2,128,916 | (594,784) |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | - | 17,730,894 | 156,972 | 17,887,866 | 18,482,650 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR - to Statement 1 | $ - | $19,763,749 | $253,033 | $20,016,782 | $17,887,866 |

(See accompanying notes to the financial statements)

# THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2000

## 1. Description of Plan

### a) General

The Members of the Legislative Assembly Superannuation Plan (Plan) was established under *The Members of the Legislative Assembly Superannuation Act, 1979* (Act) to provide pensions to individuals who are elected as Members of the Legislative Assembly of the Province of Saskatchewan.

The Plan has a defined benefit component, a defined contribution component and annuity underwriting activities.

The defined benefit component consists of members who were first elected prior to April 1, 1979 and who did not elect to join the defined contribution component. These members have their superannuation allowance determined by a formula. Members first elected on or after April 1, 1979 participate in the defined contribution component. Members of the defined contribution component may elect to purchase an annuity from the Plan. The annuity underwriting activities are accounted separately within the Plan.

The Act also established the Members of the Legislative Assembly Superannuation Fund to accumulate all member contributions, investment earnings, and payments received from the General Revenue Fund.

Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

The Minister of Finance is authorized to invest any part of the monies standing to the credit of the Plan in any securities authorized for investment pursuant to *The Pension Benefits Act, 1992*. Details of the Plan are contained in the Act.

### b) Administration

The Minister of Finance is responsible for the Act. Day-to-day administration is provided by the Public Employees Benefits Agency.

### c) Funding Policy

Members are required to contribute 9% of their indemnity and expense allowances to the Plan. As well, members with additional responsibilities contribute 9% of their additional allowance. The General Revenue Fund matches the members' contributions, and is required to make certain additional contributions to the Plan pursuant to the Act. As there are minimal assets associated with the defined benefit component, it is effectively financed through contributions from the General Revenue Fund.

### d) Retirement

Members may retire as early as age 50.

The annual allowance payable to members of the defined benefit component is one twenty-fifth of the member's average indemnity and expense allowances multiplied by the member's years of pensionable service. Members with additional responsibilities receive an additional allowance of one thirty-fifth of the member's average additional allowance multiplied by the member's years of pensionable service. Both average indemnity and average additional allowance are determined with reference to the highest four consecutive years of indemnity or additional allowance. An annual allowance shall not exceed 70% of that member's average annual indemnity and average additional allowance.

Members participating in the defined contribution component may elect to purchase a life annuity provided by the amount standing to the member's credit in the Plan. The member may elect to purchase an annuity from the Saskatchewan Pension Annuity Fund or from a private company that sells annuities.

### e) Inter-Plan Transfers

Members of the defined benefit component may elect to transfer to the defined contribution component at any time prior to the expiration of the thirtieth day after the last return of the writ of election in the general election following the date on which they ceased to be members.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following policies are considered significant.

### a) Accrual Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

### b) Basis of Presentation

Assets of the Plan are commingled for investment purposes. The defined contribution component is segregated by separating the annuity activity from the accounts of members who have not yet purchased annuities. For reporting purposes, the assets and investment income are allocated between the defined contribution component and the annuity activity based on their proportionate market value of the investment portfolio.

### c) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date. Pooled funds are recorded based on the quoted market price of underlying investments, normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements in the current period as a current period change in the market value of investments.

Short-term investments are recorded at cost which approximates market value.

Fair value approximates market value of investments.

### d) Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the plan and is determined pursuant to an actuarial valuation. Any change in the liability pursuant to the valuation is recognized as an increase or decrease in that year's statement of changes in net assets available for benefits.

## 3. Investments

The majority of the Plan's investments are in the defined contribution component. Members of this component of the Plan bear the investment risk. The investment policy is written with the defined contribution component foremost in mind even though the annuity component has some investments. The long-term goal of the defined contribution component is to achieve a minimum annualized rate of 3% above the Canadian consumer price index. The strategy employed to achieve this long-term goal is to invest cash flows from contributions, maturing debentures and investment returns into a balance of equity and fixed income investments.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate change on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets are affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

### Short-Term Investments

Short-term investments are comprised of T-Bills and notes with effective rates of 5.1% to 6.1% (1999 - 4.70% to 4.90%) and an average remaining term to maturity of 99 days (1999 – 90). The plan's investment policy states that investments must meet a minimum investment standard for Canadian Federal, Provincial Government and corporate securities of "R1" and for Canadian grain companies an "R2 high" rating, as rated by a recognized credit rating service. No single issue represents more than 13.22% (1999 - 55.73%) of the market value of the short-term investment portfolio.

### Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the market value of the bond portfolio may be invested in BBB rated bonds.

At March 31, 2000 the Plan held 0.24% (1999 - 0.81%) of its portfolio in BBB bonds.

(in thousands of dollars)

| | 2000 | | | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
| Under 5 | $1,618 | $ 499 | $ 755 | $2,872 | 5.83% | 4.87-8.00 | $3,951 | 5.35% | 4.50-8.00 |
| 5 – 10 | 1,430 | 1,016 | 355 | 2,801 | 6.29% | 5.50-8.75 | 1,861 | 4.30% | 5.50-8.75 |
| Over 10 | 3,270 | 596 | 292 | 4,158 | 5.87% | 5.50-8.00 | 3,421 | 5.18% | 5.50-7.90 |
| Market Value | $6,318 | $2,111 | $1,402 | $9,831 | | | $9,233 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Equities

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related equity portfolio. No one holding in the equity portfolio should represent more than 10% of the voting shares in any corporation. Foreign equities represent 0% (1999 - 22.58%) of the market value of the equity portfolio. Dividends are generally declared on an annual basis. The average effective rate is 1.82% (1999 - 2.32%).

### Pooled Funds

The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the fund manager.

Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The pooled funds are comprised of holdings in Greystone Non-North American Fund $2,276,032 (1999 - $1,690,027), Greystone Emerging Markets Fund $225,703 (1999 - $193,621), and Greystone U.S. Equity Pooled Fund $1,769,677 (1999 - $0).

## 4. Earnings Allocation to Members - Defined Contribution Component

Investment income plus the current year's allocation of the change in the market values of investments less administrative expenses is allocated annually to the individual members' account balances in accordance with the provisions of the governing legislation. In 2000, the earnings allocation rate was 13.56% (1999 - 4.32%).

## 5. Statutory Reporting Requirements

In accordance with section 42 of the Act, the following information is provided:

| | | 2000 | 1999 |
|---|---|---|---|
| Contributors to the Plan: | defined benefit | 1 | 1 |
| | defined contribution | 57 | 54 |

During the year 118 superannuates and spouses received allowances (1999 - 119).

## 6. Obligations for Pension Benefits - Defined Benefit Component

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was performed as at December 31, 1998 by AON Consulting Inc. and an extrapolation was made to March 31, 1999 and March 31, 2000.

The actuarial present value of benefits at March 31 and the principal components of the change in actuarial present value during the year, were as follows:

| | (in thousands of dollars) | |
|---|---|---|
| | **2000** | **1999** |
| Actuarial present value of accrued pension benefits at beginning of the year | $27,882 | $26,844 |
| Interest accrued on benefits | 2,017 | 1,940 |
| Change in valuation assumptions | (336) | 1,060 |
| Benefits accrued | 72 | 106 |
| Benefits paid | (2,134) | (2,068) |
| Actuarial present value of accrued pension benefits at end of the year | 27,501 | 27,882 |
| Less: Net assets available for benefits | - | - |
| Unfunded liability | $27,501 | $27,882 |

The significant long-term assumptions used in determining the actuarial value of accrued pension benefits are:

| | **2000** | **1999** |
|---|---|---|
| Interest rate | 6.25% | 7.50% |
| Salary escalation rate | 3.25% | 4.50% |
| Inflation rate | 3.25% | 4.50% |

Section 25.1 of the Act provides for a supplementary monthly allowance effective July 1 if persons in receipt of allowances under *The Superannuation (Supplementary Provisions) Act* are awarded additional supplementary allowances in the year. The increase is a dollar amount to each superannuate of the Members of the Legislative Assembly defined benefit component equal to one-sixth of the pensionable service of the member multiplied by the sum of their pensionable service and years in receipt of pension.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 100% (1999 - 100%) of CPI based on previous years' experience.

The pension liability is based on a number of assumptions about future events including: rate of salary increase, interest, inflation, ad hoc indexing, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.25%, interest rate 6.25% and inflation 3.25%:

| | Long-Term Assumptions | | | | | |
|---|---|---|---|---|---|---|
| | Salary | | Interest | | Inflation | |
| | 2.25% | 4.25% | 5.25% | 7.25% | 2.25% | 4.25% |
| Liability (decrease) increase | (.05%) | .05% | 10.54% | (8.89%) | .27% | (.26%) |

The pension liability is long-term in nature. The plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligations. Therefore, determination of the fair value of the pension liability is not practicable.

The unfunded liability for the defined benefit component of the Plan is not payable immediately. The expected cash inflows from contributions and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The net cash outflows for the next five years would be $10.3 million, in the next 10 years $20.7 million and in the next 26 years $47.1 million.

Paragraph 4(1)(c) of the Act indicates if there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

## 7. Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable is the actuarial value of the future expected annuity benefit obligations to pensioners. An actuarial valuation was performed on the annuity activity as at March 31, 2000 by AON Consulting Inc. The valuation represents the present value of the annuities underwritten by the Plan.

The interest rate assumptions were based on the interest rate agreed to when the annuity was purchased (conversion rate) for the first 15 years of the annuity and 6% thereafter. The average conversion rate for annuities presently being paid is 8.95%. Also, 80% of the 1983 Group Annuity Mortality Table mortality rates were used.

The annual change in the annuity payable is reflected in the statement of changes in net assets available for benefits. The principal components of change during the year were as follows:

(in thousands of dollars)

| | 2000 | 1999 |
|---|---|---|
| Accumulated provision for annuities payable, beginning of year | $1,907 | $1,919 |
| Interest on accrued benefits | 164 | 164 |
| Annuities paid | (175) | (174) |
| Experience loss (gain) | 4 | (2) |
| Accumulated provision for annuities payable, end of year | $1,900 | $1,907 |

The annuity payable is based on assumptions about future events including interest and mortality rates. The actual rates may vary significantly from the assumptions used. It is reasonably possible, based on existing assumptions, that changes in future conditions in the near term could require a material change in the annuity payable. A 1% increase in the interest rate assumption decreases the liability by $159,000 and a 1% decrease in the interest rate increases the liability by $188,000.

The accumulated provision for annuities payable is long-term in nature. The Plan has no intention of settling it in the near term. Therefore, determination of the fair value of the accumulated provision for annuities payable is not practicable.

## 8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. These financial statements include transactions with these agencies and the Plan, a pension plan established by the Government of Saskatchewan. Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

Included in bonds and debentures and investment income are Province of Saskatchewan holdings totaling $142,030 (1999 - $205,452) for bonds and debentures and investment income earned and market value adjustment of $-2,511 (1999 - $13,306). The weighted average interest rate is 5.50% (1999 – 5.50%).

Accounts balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.

## 9. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly. Custodial and investment management fees are based on market value of the Fund's portfolio.

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Budget | Actual | Budget | Actual |
| Administration cost – PEBA | $65,333 | $ 63,058 | $51,770 | $ 52,216 |
| Custodian fees - Royal Trust | - | 26,148 | - | 24,813 |
| Investment management fees - Greystone Capital Management Inc. | - | 30,670 | - | 26,088 |
| | $65,333 | $119,876 | $51,770 | $103,117 |

## 10. Due from General Revenue Fund

The Plan's bank account has been included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest totalled $4,741 (1999 - $6,881) and is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty-day borrowing rate and the Plan's average daily bank account balance. The Government's average thirty-day borrowing rate for 1999/2000 is 4.79% (1998/99 – 5.04%).

## 11. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Minister. The Public Employees Benefits Agency reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

| | 2000 | Rolling Four Year Average Annual Return |
|---|---|---|
| Plan's actual rate of return (a) | 13.6% | 15.1% |
| Target rate of return (b) | 16.8% | 14.3% |

a) The annual returns are before deducting investment expenses.

b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Standard and Poor's 500 Stock Index and the Scotia Capital Markets Universe Bond Index.

## 12. Fair Value

The fair value of receivables, due from General Revenue Fund, cash, due to General Revenue Fund and accounts payable approximates their carrying value due to the short-term nature of these financial instruments.

## SCHEDULE 1

# THE MEMBERS OF THE LEGISLATIVE ASSEMBLY SUPERANNUATION PLAN
# SCHEDULE OF INVESTMENT TRANSACTIONS

## FOR THE YEAR ENDED MARCH 31

| Investments at Market | Balance March 31, 1999 | Acquisitions | Dispositions | Balance Before Change in Market Value | Market Value Change | Balance March 31, 2000 |
|---|---|---|---|---|---|---|
| **Bonds and Debentures**: | $ 9,232,467 | $30,394,059 | $29,448,092 | $10,178,434 | $(347,375) | $9,831,059 |
| **Equities:** | | | | | | |
| **Greystone Common Shares** | 3,159 | - | 8,221 | (5,062) | 5,062 | - |
| **Canadian Corporate Equities** | 4,865,168 | 1,807,982 | 2,375,059 | 4,298,091 | 1,638,700 | 5,936,791 |
| **Foreign Corporate Equities** | 1,969,550 | 228,891 | 2,259,607 | (61,166) | 61,166 | - |
| **Total Equities** | 6,837,877 | 2,036,873 | 4,642,887 | 4,231,863 | 1,704,928 | 5,936,791 |
| **Pooled Funds:** | | | | | | |
| **Greystone US Equity Fund** | - | 1,868,462 | - | 1,868,462 | (98,785) | 1,769,677 |
| **Greystone-Emerging Markets Fund** | 193,621 | 9,258 | 52,000 | 150,879 | 74,824 | 225,703 |
| **Greystone-Non-North American Fund** | 1,690,027 | 510,884 | 326,500 | 1,874,411 | 401,621 | 2,276,032 |
| **Total Pooled Funds** | 1,883,648 | 2,388,604 | 378,500 | 3,893,752 | 377,660 | 4,271,412 |
| **Total Long-term Investments** | 17,953,992 | 34,819,536 | 34,469,479 | 18,304,049 | 1,735,213 | 20,039,262 |
| **Short-term Investments** | 1,413,483 | 16,427,113 | 16,339,364 | 1,501,232 | (99) | 1,501,133 |
| **Total Investments** | $19,367,475 | $51,246,649 | $50,808,843 | $19,805,281 | $1,735,114 | $21,540,395 |

KPMG
KPMG LLP
Chartered Accountants

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of net assets available for benefits of the Municipal Employees' Pension Plan as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Employees' Pension Plan as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

February 15, 2000

## MUNICIPAL EMPLOYEES' PENSION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

**STATEMENT 1**

**AS AT DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| | (in thousands) | |
| **ASSETS** | | |
| Investments (Note 3) | | |
| Short term | $ 26,876 | $ 32,607 |
| Bonds | 354,441 | 354,439 |
| Equities | 291,057 | 267,128 |
| Pooled funds | 162,871 | 94,175 |
| Mortgages | 2,498 | 2,746 |
| Real estate | 30,635 | 30,534 |
| | 868,378 | 781,629 |
| Accounts receivable | | |
| Employees' contributions | 722 | 660 |
| Employers' contributions | 722 | 660 |
| Accrued investment income | 3,600 | 4,669 |
| Due from General Revenue Fund (Note 5) | 2,291 | 1,043 |
| Other | 253 | 27 |
| | 7,588 | 7,059 |
| Cash | 1,455 | 85 |
| Total assets | 877,421 | 788,773 |
| **LIABILITIES** | | |
| Accounts payable | 858 | 1,089 |
| Accumulated provision for annuities payable (Note 8) | 34,086 | 33,168 |
| Total liabilities | 34,944 | 34,257 |
| NET ASSETS AVAILABLE FOR BENEFITS | $842,477 | $754,516 |

(See accompanying notes to the financial statements)

## MUNICIPAL EMPLOYEES' PENSION PLAN

**STATEMENT 2**

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**YEAR ENDED DECEMBER 31**

| | (in thousands) 1999 | 1998 |
|---|---|---|
| **INCREASE IN ASSETS** | | |
| Investment income | | |
| Interest | $ 21,338 | $ 22,924 |
| Dividends | 16,806 | 11,338 |
| Mortgages | 230 | 249 |
| Real estate | 2,335 | 2,342 |
| | 40,709 | 36,853 |
| Current period change in market value of investments | 57,510 | 37,501 |
| Contributions | | |
| Employees | 12,804 | 10,654 |
| Employers | 10,947 | 10,267 |
| Reciprocal transfers in | 316 | 311 |
| | 24,067 | 21,232 |
| Total increase in assets | 122,286 | 95,586 |
| **DECREASE IN ASSETS** | | |
| Transfers, refunds and benefits (Note 7) | 7,136 | 10,596 |
| Defined benefit allowances | 15,964 | 11,988 |
| Annuity allowances | 3,771 | 3,786 |
| Supplementary benefits | 2,603 | 2,734 |
| Administrative costs | 2,251 | 1,374 |
| Investment and custodian fees | 1,682 | 1,673 |
| Change in accumulated provision for annuities payable (Note 8) | 918 | (849) |
| Total decrease in assets | 34,325 | 31,302 |
| INCREASE IN NET ASSETS | 87,961 | 64,284 |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | 754,516 | 690,232 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR | $842,477 | $754,516 |

(See accompanying notes to the financial statements)

# MUNICIPAL EMPLOYEES' PENSION PLAN
# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 1999

## 1. Description of the Municipal Employees' Pension Plan

### General

The Municipal Employees' Pension Plan (the Plan) is composed of several activities. The following description of the Plan is a summary only. For more complete information, reference should be made to *The Municipal Employees' Pension Act*.

*The Municipal Employees' Pension Act* (the Act), Section 11, provides authority for the Plan. The Act directs that all allowances, payments and refunds under the Act shall be payable out of the Plan in the manner provided in the Act together with all benefits granted under a former Act. The Municipal Employees' Pension Commission is responsible for holding in trust and investing the monies of the Plan. The Municipal Employees' Pension Commission's composition and authority to administer the Plan are provided in Section 7 of the Act.

### Defined Benefit Plan

The Defined Benefit Plan became effective July 1, 1973. This Defined Benefit Plan is mandatory for permanent employees.

A. Funding Policy

Effective January 1, 1993, contributions are established at 5.4% of salary (7.3% for designated police officers and firefighters). Contributions prior to January 1, 1993 were established at 7% of earnings net of deemed Canada Pension Plan contributions. Contributions are matched by the employer.

B. Pensions

Employees receive a pension at age 65, for each year and fractional year of contributory service in the Plan prior to retirement:

For service before 1990, the number of years of contributory service earned before 1990 times the greater of:

a) 1.8% times the average salary for the highest three years of the member's total pensionable service in the Plan, with each year ending in the month of termination (2% for police officers and firefighters); or

b) i) 1.3% of that portion of the members' average salary for the highest three years of the member's pensionable service in the Plan, with each year ending in the month of termination, which is not in excess of the average yearly maximum pensionable earnings under the Canada Pension Plan for the three years immediately prior to retirement; and

ii) 2% of that portion of the member's average salary for the highest three years of the member's pensionable service in the Plan, with each year ending in the month of termination, which is in excess of the average yearly maximum pensionable earnings under the Canada Pension Plan for the three years immediately prior to retirement.

For service earned after 1989, the number of years of contributory service earned after 1989 times the greater of:

a) 1.5% times the average salary for the highest three years of the member's total pensionable service in the Plan, with each year ending in the month of termination (1.7% for police officers and firefighters); or

b) i) 1.3% of that portion of the member's average salary for the highest three years of the member's pensionable service in the Plan, with each year ending in the month of termination, which is not in excess of the average yearly maximum pensionable earnings under the Canada Pension Plan for the three years immediately prior to retirement; and

ii) 2% of that portion of the member's average salary for the highest three years of the member's pensionable service in the Plan, with each year ending in the month of termination, which is in excess of the average yearly maximum pensionable earnings under the Canada Pension Plan for the three years immediately prior to retirement.

C. Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

The Plan also provides benefits in the event of termination of employment, death or disability.

D. Surplus

Any surpluses arising in the Plan can be utilized at the discretion of the Commission.

**Money Accumulation Plan**

The Money Accumulation Plan consists of members who made contributions to the Money Accumulation Plan in effect prior to July 1, 1973. Members may retire and purchase an annuity at age 65. Members may retire earlier under certain conditions. Upon retirement a member must purchase an annuity from either the Plan or a private insurer based on employee's and employer's matching contributions together with interest thereon. The member also has the option of purchasing a Life Income Fund (LIF) or a Life Retirement Income Fund (LRIF) from a private insurer. In the event of death prior to retirement, the member's spouse may receive a life annuity or elect to receive a lump sum payment of employee and employer amounts. If the member's beneficiary is other than the spouse, a lump sum payment of employee and employer contributions plus interest is made.

In addition, the accounts set up to record mandatory contributions made to the Plan prior to July 1, 1973, may also contain:

- voluntary employee and/or employer contributions made either before or after July 1, 1973 and until December 31, 1992;
- any employee and/or employer contributions made to the Plan subsequent to normal retirement age; and
- any excess employee funds transferred from the Defined Benefit Plan pursuant to subsection 20(4) of *The Municipal Employees' Pension Act*.

### Annuity Underwriting

If a member elects to purchase an annuity through the Commission, an annuity contract is issued based on the member's balance, current interest rates and annuity tables.

The present value of future annuities is reflected as a liability of the Plan.

### Supplementary Benefits

In accordance with the Act, the Commission may grant supplementary benefits to superannuates to compensate them for lost purchasing power. The supplementary benefits may be granted by the Commission as long as the solvency of the entire Plan is not impaired.

## 2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

### Valuation of Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices.

Short term investments are valued at cost which approximates market value.

Pooled funds are valued based on the quoted market price of the underlying investments, normally the current bid price.

Real estate is valued at market value as estimated by independent appraisals performed annually.

Mortgages are valued at their net present value by discounting cash flows to current market rates of return.

The market value of investments approximates fair value.

### Investment Transactions and Income

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the settlement date. Interest income is accrued monthly and dividend income is recognized on the record date.

### Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the Plan and is determined pursuant to an actuarial valuation. Any change in the liability pursuant to the valuation is recognized as a revenue or expense item in that year's operations.

## 3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long term horizon of the Plan's liabilities, the Plan takes a long term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

**Short Term Investments**

These investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.8% to 5.5% (1998 - 4.5% to 5.2%) and an average term to maturity of 89 days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-2 high" as rated by a recognized credit rating service. Other than the Government of Canada, no single issuer represents more than 20.24% (1998 - 15.75%) of the total Plan's short-term investments.

**Bonds and Debentures**

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. In addition, not more than 15% of its total book value may be invested in BBB rated bonds. As at December 31, 1999, the Plan held 1.05% (1998 - 1.57%) of its portfolio in BBB bonds.

The Plan's investment in bonds and debentures are described below.

| | **1999** (in thousands) | | | | | | **1998** (in thousands) | | |
|---|---|---|---|---|---|---|---|---|---|
| **Years to Maturity** | **Federal** | **Provincial** | **Corporate** | **Total Market Value** | **Coupon Rate** | **Weighted Yield to Maturity at Market** | **Total Market Value** | **Coupon Rate** | **Weighted Yield to Maturity at Market** |
| **Under 5** | $ 51,029 | $17,085 | $32,750 | $100,864 | 4.875-12% | 6.13% | $166,950 | 1.95-14.75% | 6.21% |
| **5 to 10** | 64,489 | 27,851 | 20,621 | 112,961 | 5.25-9.65% | 6.03% | 113,543 | 5.5-10.88% | 5.87% |
| **Over 10** | 119,282 | 13,139 | 8,195 | 140,616 | 4.25-9.6% | 6.04% | 73,946 | 4.25-9.65% | 5.23% |
| **Market Value** | $234,800 | $58,075 | $61,566 | $354,441 | | | $354,439 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The Plan holds $4,575,601 (1998 - $5,035,990) Province of Saskatchewan Bonds and Debentures. Investment income on these bonds and debentures, including the current period change in the market value of investments, was $(189,404) (1998 - $312,535).

Included in bonds and debentures are Canadian federal bonds denominated in United States dollars. The Canadian market value of these bonds are $2,866,063 (1998 - $2,883,584). In order to minimize the risk of foreign currency fluctuations, the Plan has hedged this risk by purchasing United States dollar forward exchange contracts of $1,608,700 (1998 - $2,373,974).

**Equities**

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. The Plan's holdings were within these limits.

Foreign equities can not exceed 20% of the book value of the total Plan at the time of investment. As at December 31, 1999 the Plan held 3.89% (1998- 3.39%)

All foreign equities are denominated in Canadian dollars.

The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risks. Dividends are generally declared on a quarterly basis. The average effective dividend rate is 1.48%.

### Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the book value of each fund. Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and denominated in Canadian dollars.

The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the investment manager. Investment income including the current period change in the market value of investments is $46,356,608 (1998 - $1,382,773).

### Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 7.3% to 11.07% (1998 - 7.75% to 11.5%) with an average remaining term to maturity of 6.4 years (1998 - 7.5 years). Principal and interest are receivable on a monthly basis.

### Real Estate

Investments in real estate consist of Canadian commercial property.

Included in the totals for real estate are holdings of SaskPen Properties Ltd. and SaskMet Properties Ltd. totaling $2,081,772 (1998 – $2,293,575). SaskPen Properties Ltd. and SaskMet Properties Ltd. are real estate corporations beneficially owned by Crown managed pension funds in the Province of Saskatchewan. Investment income including the current period change in the market value of investments from these holdings totaled $385,669 (1998 - $482,825).

## 4. Accounts Receivable/Accounts Payable

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates its carrying value.

## 5. Due from General Revenue Fund

The Municipal Employees' Pension Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate and the Municipal Employees' Pension Plan's average daily bank account balance. The Government's thirty day borrowing rate for 1999 was 4.78% (1998 - 4.96%).

## 6. Earnings Allocation to Members

Part of the change in market values of investments is allocated annually to members of the Plan. The maximum market value change deferred to future years is 3% of the total market value of investments at December 31 of each year. Unallocated changes are recognized equally in each of the three subsequent years.

These unallocated changes are included as follows:

(in thousands)

| | Members' Accumulated Balances | Unallocated Change in Market Value | Net Assets Available for Benefits |
|---|---|---|---|
| 1999 | $816,426 | $26,051 | $842,477 |
| 1998 | $731,067 | $ 23,449 | $754,516 |

Interest is allocated annually to the individual member's account balances in accordance with the provisions of the governing legislation. In 1999, an interest rate of 11.1% (1998 - 9.2%) was approved by the Commission for the Money Accumulation Plan and 11.1% (1998 - 9.2%) for the Defined Benefit Plan. The interest allocated is investment income, the current year's allocation of the change in market values of the investments, less administration, custodian and investment managers fees.

## 7. Transfers, Refunds and Benefits

(in thousands)

| | 1999 | 1998 |
|---|---|---|
| Transfers to other retirement plans | $ 118 | $ 385 |
| Transfers to locked-in RRSP | 4,450 | 3,952 |
| Lump sum payments to estates | 403 | 88 |
| Payments in lieu of annuities | 651 | 712 |
| Payments to insurance companies | 5 | 44 |
| Withdrawals with interest | 1,509 | 5,415 |
| | $7,136 | $10,596 |

## 8. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on services and the administrator's best estimate assumptions. An actuarial valuation was performed as at December 31, 1998 by AON Consulting Inc. and extrapolated to December 31, 1999. The 1983 Group Annuity Mortality Table was used in the valuation along with mortality improvements projected until year 2005.

The actuarial present value of benefits as at December 31 and the principal components of changes in actuarial present values during the year were as follows:

(in thousands)

| | 1999 | 1998 |
|---|---|---|
| Actuarial present value of accrued pension benefits, at beginning of the year | $675,343 | $617,502 |
| Interest accrued on benefits | 53,904 | 43,279 |
| Benefits accrued | 33,142 | 30,630 |
| Benefits paid | (29,477) | (29,104) |
| Change of assumptions | 19,619 | - |
| Net cost of plan improvements * | 84,960 | 10,564 |
| Net financial impact of plan's experience (1995-1998) | - | 2,472 |
| Actuarial present value of all accrued pension benefits, at end of the year | 837,491 | 675,343 |
| Net assets available for benefits excluding the accumulated provision per annuities payable | 876,563 | 787,684 |
| Excess of net assets available for benefits over actuarial present value of all accrued pension benefits | $ 39,930 | $112,341 |

* The Plan amendments shown above have not received Royal Assent from the Legislature.

The actuarial present value of all accrued pension benefits includes the accumulated provision for annuities payable, based upon a valuation performed by AON Consulting Inc., valued at $34,086,000 as at December 31, 1999 (1998 - $33,168,000). This actuarial assumption uses the 1983 Group Annuity Mortality Table and the interest rate disclosed below.

Other assumptions used in determining the actuarial value of accrued pension benefits were:

| | 1999 | 1998 |
|---|---|---|
| Interest rate | 6.75% | 7% |
| Salary escalation rate | 3.5% to 5% | 3.5% to 5% |
| Inflation | 2.5% to 4% | 2.5% to 4% |
| Indexation of Pensions | 100% of inflation | 100% of inflation |

The pension liability is based on a number of assumptions about future events including: interest rates, rate of salary increases, inflation rates, mortality rates, retirement rates and termination rates. The actual rates may vary significantly from the long term assumptions used.

The following illustrates the effect of changing certain assumptions from the long term assumptions of inflation 4%, 5% for salary and an interest rate of 6.75%:

| | Long Term Assumptions | | | | | |
|---|---|---|---|---|---|---|
| | Inflation | | Salary Escalation Rate | | Interest Rate | |
| | 3% | 5% | 4% | 6% | 5.75% | 7.75% |
| (Decrease) increase in liability | 1.12% | (1.00%) | (2.18%) | 2.53% | 16.45% | (12.62%) |

The pension liability is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligations. Therefore, determination of the fair value of the pension liability is not practical.

## 9. Related Party Transactions

Administration expenses associated with administering the Plan are paid to the Public Employees Benefits Agency Revolving Fund.

## 10. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

| | 1999 | Rolling Four Year Average Annual Return |
|---|---|---|
| Plan's actual rate of return (a) | 12.7% | 14.9% |
| Target rate of return (b) | 13.5% | 13.7% |

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock *Exchange 300 Index*, *Standard & Poors* 500 US Stock Index and the Scotia Capital Markets Universe Bond Index.

## 11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Dental Fund as at December 31, 1999 and the statements of operations and net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 15, 2000

Wayne Strelioff, CA
Provincial Auditor

## PUBLIC EMPLOYEES DENTAL FUND STATEMENT OF FINANCIAL POSITION

**STATEMENT 1**

**AS AT DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Due from General Revenue Fund (Note 3) | $7,152,904 | $4,100,392 |
| Employer contributions receivable (Note 6) | 736,404 | 520,109 |
| Total Assets | $7,889,308 | $4,620,501 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities: | | |
| Accounts payable (Note 6) | $ 106,589 | $ 112,029 |
| Unpaid claims (Note 7) | 1,368,237 | 976,754 |
| | 1,474,826 | 1,088,783 |
| NET ASSETS (STATEMENT 2) | 6,414,482 | 3,531,718 |
| TOTAL LIABILITIES AND NET ASSETS | $7,889,308 | $4,620,501 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DENTAL FUND
## STATEMENT OF OPERATIONS AND NET ASSETS

## STATEMENT 2

### YEAR ENDED DECEMBER 31

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget (Note 8) | Actual | Actual |
| **REVENUE** | | | |
| Employer contributions | $12,075,000 | $12,833,231 | $11,780,348 |
| Interest (Note 3) | 125,000 | 266,977 | 127,652 |
| | 12,200,000 | 13,100,208 | 11,908,000 |
| **EXPENSES** | | | |
| Claims incurred | 8,780,000 | 9,673,630 | 8,132,417 |
| Adjudication fees | 338,000 | 351,057 | 314,888 |
| Revolving Fund administration (Note 4) | 243,083 | 192,757 | 162,870 |
| | 9,361,083 | 10,217,444 | 8,610,175 |
| Surplus for the year | 2,838,917 | 2,882,764 | 3,297,825 |
| NET ASSETS, BEGINNING OF YEAR | 3,531,718 | 3,531,718 | 233,893 |
| NET ASSETS, END OF YEAR (STATEMENT 1) | $ 6,370,635 | $ 6,414,482 | $ 3,531,718 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DENTAL FUND STATEMENT OF CASH FLOWS

**STATEMENT 3**

**YEAR ENDED DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| Cash flows from operating activities: | | |
| Surplus for the year | $2,882,764 | $3,297,825 |
| Change in non-cash working capital: | | |
| (Increase) in accounts receivable | (216,295) | (13,619) |
| (Decrease) increase in accounts payable | (5,440) | 14,849 |
| Increase (decrease) in unpaid claims | 391,483 | (479,571) |
| Cash flows from operating activities | 3,052,512 | 2,819,484 |
| DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR | 4,100,392 | 1,280,908 |
| DUE FROM GENERAL REVENUE FUND, END OF YEAR (Statement 1) | $7,152,904 | $4,100,392 |

(See accompanying notes to the financial statements)

# PUBLIC EMPLOYEES DENTAL FUND
# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 1999

### 1. Description of the Fund

The Public Employees Dental Fund is used to account for the transactions of the Public Employees Dental Plan. The Plan was established February 1, 1982 and continues under subsection 64(2) of *The Financial Administration Act, 1993*. The Plan is designed to promote good dental health among plan members by reducing the members' costs for preventive, routine and major dental services.

The funding of this Plan is paid entirely by the employers who are members of the Plan. Employers consist of the Public Service of Saskatchewan and other Saskatchewan crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council.

Claims were adjudicated and processed for payment by Metropolitan Life Insurance Company of Canada until August 22, 1999. The Canada Life Assurance Company was appointed as an adjudicator effective August 23, 1999.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Unpaid Claims

The provision for unpaid claims represents a provision for the cost of claims reported but not paid prior to year end and an estimate of claims incurred but not reported based upon the claims settlement experience.

The estimate of administrative expenses to be incurred on claims settlement is included in the provision for unpaid claims. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes.

c) Cash and Cash Equivalents

Cash consists of the Due from General Revenue Fund.

### 3. Due from General Revenue Fund

The Public Employees Dental Fund Bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Dental Fund's interest income is calculated and paid by the General Revenue Fund on a quarterly basis into the Dental Fund's bank account using the Government's thirty day borrowing rate, and the fund's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

## 4. Administrative Costs

### Public Employees Benefits Agency Revolving Fund

Pursuant to section 65 of *The Financial Administration Act, 1993* the Public Employees Benefits Agency Revolving Fund (Revolving Fund) is to account for all expenditures paid for the administration of the Public Employees Benefits Agency (PEBA). These costs are charged by the Revolving Fund to the various pension funds and benefit programs administered by PEBA.

According to subsection 64(7) of *The Financial Administration Act, 1993*, sums required for the purpose of administering the Public Employees Dental Fund shall be a charge on and paid out of that fund.

## 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties".

All employer contributions and employer contribution receivables are from related parties.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

## 6. Financial Instruments

Employer contribution receivables and accounts payable are non-interest bearing and are due or payable within the next year (see Note 3 for Due from General Revenue Fund).

Due to the short-term maturity, the fair value of these instruments approximate carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable.

## 7. Provision for Unpaid Claims

There are a number of factors used to estimate the provision, such as the Fund's experience with claims, and historical trends involving claim payments. Dental claims are short-tail claims and tend to be reasonably predictable. The determination of the fair value for the claims is not practical.

The establishment of the provision for unpaid claims relies on a number of factors which necessarily involves risks that the actual results may differ materially from the estimates in the near term.

## 8. Budget

The Fund submitted the budget to Treasury Board.

## 9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Disability Income Fund as at December 31, 1999 and the statements of operations and net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 18, 2000

Wayne Strelioff, CA
Provincial Auditor

## PUBLIC EMPLOYEES DISABILITY INCOME FUND
## STATEMENT OF FINANCIAL POSITION

**STATEMENT 1**

**AS AT DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash | $ 2,141 | $ 884 |
| Accounts receivable (Note 8) | 442,723 | 534,309 |
| Due from Co-operators Life Insurance Company | 47,344,415 | 45,088,165 |
| Receivable from Co-operators Life Insurance Company (Note 8) | 143,643 | 289,217 |
| Total assets | $47,932,922 | $45,912,575 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts payable (Note 8) | $ 432,212 | $ 127,202 |
| Provision for claims payable (Note 3) | 34,438,000 | 30,240,000 |
| NET ASSETS (Statement 2) | 13,062,710 | 15,545,373 |
| TOTAL LIABILITIES AND NET ASSETS | $47,932,922 | $45,912,575 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DISABILITY INCOME FUND STATEMENT OF OPERATIONS AND NET ASSETS

**STATEMENT 2**

**YEAR ENDED DECEMBER 31**

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget (Note 9) | Actual | Actual |
| **REVENUE** | | | |
| Premiums | $ 5,513,000 | $ 5,727,678 | $ 5,378,370 |
| Investment income | 3,500,000 | 2,583,976 | 2,267,953 |
| | 9,013,000 | 8,311,654 | 7,646,323 |
| **EXPENSE** | | | |
| Change in provision for claims payable (Note 3) | - | 4,198,000 | 1,339,000 |
| Disability benefits | 4,800,000 | 5,723,649 | 4,828,997 |
| Administration fees | 190,000 | 196,718 | 172,432 |
| Revolving Fund Administration (Note 4(a)) | 701,238 | 569,936 | 576,585 |
| Management fees (Note 4(b)) | 106,000 | 106,014 | 105,214 |
| | 5,797,238 | 10,794,317 | 7,022,228 |
| (Deficit) surplus for the year | 3,215,762 | (2,482,663) | 624,095 |
| NET ASSETS, BEGINNING OF YEAR | 15,545,373 | 15,545,373 | 14,921,278 |
| NET ASSETS, END OF YEAR - Statement 1 | $18,761,135 | $13,062,710 | $15,545,373 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DISABILITY INCOME FUND STATEMENT OF CASH FLOWS

STATEMENT 3

YEAR ENDED DECEMBER 31

| | 1999 | 1998 |
|---|---|---|
| Cash flows from operating activities: | | |
| (Deficit) surplus for the year | $(2,482,663) | $ 624,095 |
| Adjustments for: | | |
| Investment income | (2,583,976) | (2,267,953) |
| Change in non-cash working capital: | | |
| Decrease (increase) in accounts receivable | 91,586 | 91,008 |
| Increase in accounts payable | 305,010 | 47,080 |
| Decrease (increase) in receivable from Co-operators Life Insurance Company | 145,574 | 47,170 |
| | (4,524,469) | (1,458,600) |
| Change in accumulated provision for claims payable | 4,198,000 | 1,339,000 |
| Cash flows from operating activities: | (326,469) | (119,600) |
| Cash flows from investing activities: | | |
| Sale of segregated fund units | 327,726 | 118,175 |
| Net increase (decrease) in cash | 1,257 | (1,425) |
| CASH, BEGINNING OF YEAR | 884 | 2,309 |
| CASH, END OF YEAR | $ 2,141 | $ 884 |

(See accompanying notes to the financial statements)

# PUBLIC EMPLOYEES DISABILITY INCOME FUND
# NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 1999

### 1. Description of Fund

The Public Employees Disability Income Fund (PEDIF) is a special purpose fund used to account for the premiums, claims, investment and certain administrative transactions of the Disability Income Plan (Plan). The Plan continues under subsection 64(2) of *The Financial Administration Act, 1993*.

This Plan is managed by the Public Employees Benefits Agency (PEBA) and provides a level of income protection during periods of occupational or total disability. Plan participants are employees of certain members of the public service of the Province of Saskatchewan and other Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Plan is administered under the terms of an agreement with The Co-operators Life Insurance Company.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Benefit Expense

Benefit expense is recognized commencing in the year the claim is approved.

c) Due from Co-operators Life Insurance Company (Co-operators)

According to the agreement between PEBA and Co-operators, Co-operators has established a segregated fund for the investment of PEDIF monies. The balance in this segregated fund is a debt due by Co-operators to PEDIF and is represented by the investments held in the segregated fund.

The segregated fund is valued at market and any increase/decrease in the value of the segregated fund is accounted for in the statement of operations and net assets as investment income.

Fair value of the segregated fund approximates its market value.

d) Provision for Claims Payable

The provision for claims payable represents the present value of future payments arising from claims made prior to year end. This provision includes an amount for claims incurred but not reported. The present value is determined pursuant to an actuarial valuation. Any resulting change in this liability is recognized as a revenue or expense item in that year's operations.

e) Cash and Cash Equivalents

Cash consists of balances with the bank.

## 3. Actuarial Valuation

An actuarial valuation was performed by Aon Consulting Inc. as at December 31, 1999 and by William M. Mercer Limited as at December 31, 1998 to value the liability for the future cost of claim payments to disabled members which includes a provision for claims incurred but not reported. The actuarial valuation established this liability to be $34,438,000 at the valuation date (1998 - $30,240,000). The valuation is based on the following assumptions: 1) the allowance for claim termination is based on the 1987 Group Long Term Disabilities valuation tables published by the Society of Actuaries adjusted for experience; 2) the interest rate assumed is 6.25% (1998 - 7%); 3) a 3% consumer price indexing of benefits before offset each year; 4) the inflation rate assumed is 2% for the first three years and 3% thereafter (1998 - 4%).

The amount of benefits payable under the Disability Income Plan may be increased on October 1 each year. The increase will be the same percentage, subject to a maximum of 3% per annum, as the percentage increase in the Consumer Price Index for the year ending on the immediately preceding July 1.

If the valuation assumed no cost of living allowance indexing of benefits each year, the liability at December 31, 1999 would be $29,207,000 (1998 - $25,320,000).

The liability for future claims is based on a number of assumptions about future events including: recovery and mortality rates, interest rate and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the interest rate, cost of living adjustment and recovery rates.

- a 1% change in interest rate equals a 6.5% change in the liability including the cost of living adjustment
- a change in the cost of living adjustment of 1% equals a 6.7% change in the liability
- a 10% change in recovery rates equals a 5.4% change in the liability

The liability is long term in nature. The Fund has no intention of settling its obligation in the near term. Therefore it is not practical for the Fund to determine the fair value of its obligation.

## 4. Administration Expenses

a) Public Employees Benefits Agency Revolving Fund

The costs of administering the Public Employees Disability Income Fund are a charge on and paid out of that Fund. These expenditures are paid to the Public Employees Benefits Agency Revolving Fund.

b) Investment Management Services

The Minister of Finance is authorized to invest any part of the monies standing to the credit of the Disability Income Fund in any securities authorized for investment pursuant to the "Investment Policy Guidelines".

The Co-operators Investment Counselling Limited invests the monies of the Fund under a contract to provide services. The Fund pays management fees to the Co-operators Investment Counselling Limited.

## 5. Legal

The Government of Saskatchewan is a party to a number of lawsuits relating to disability benefits for amounts totalling $725,358. The ultimate outcome of these lawsuits is not yet determinable. Benefit payments arising from the resolution of these lawsuits will be accounted for as an expenditure of the year in which the settlement occurs.

## 6. Investment Performance

The Fund's investments are represented by the amounts due from Co-operators Life Insurance Company (see note 2). Following is a summary of the Fund's investment performance:

| | 1999 | Four year annualized return |
|---|---|---|
| Fund (a) | 5.6% | 11.3% |
| Benchmark (b) | 7.9% | 12.2% |

(a) The annual returns are before deducting investment expenses.

(b) The benchmark return is the Fund's target rate of return for its segregated fund. The benchmark return is calculated using actual returns and the Fund's planned investment portfolio for its segregated fund.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Due to the nature of the Fund, substantially all premiums are received from related parties.

At year-end, the following amounts were due to/from related parties as a result of the transactions referred to above:

| | 1999 | 1998 |
|---|---|---|
| Accounts receivable | $379,250 | $454,450 |
| Accounts payable | $58,524 | $75,589 |

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

## 8. Accounts Receivables/Accounts Payables/ Receivable from Co-operators Life Insurance Company

These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivables.

### 9. Budget

The Fund submitted the budget to Treasury Board.

### 10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Public Employees Group Life Insurance Fund as at December 31, 1999 and the statements of operations and net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 24, 2000

Wayne Strelioff, CA
Provincial Auditor

## PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND STATEMENT OF FINANCIAL POSITION

**STATEMENT 1**

**AS AT DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash | $ 80,796 | $ 3,321 |
| Accounts receivable (Note 8) | 699,088 | 689,724 |
| Due from Co-operators Life Insurance Company | 38,270,368 | 35,643,899 |
| Receivable from Co-operators Life Insurance Company (Note 8) | 690,623 | 313,644 |
| Total assets | $39,740,875 | $36,650,588 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts payable (Note 8) | $ 237,410 | $ 242,047 |
| Claims payable (Note 8) | 692,105 | 1,195,130 |
| | 929,515 | 1,437,177 |
| Payable to SaskPower (Note 4) | 274,135 | 262,436 |
| Provision for life insurance benefits (Note 3) | 21,884,900 | 16,103,000 |
| NET ASSETS (Statement 2) | 16,652,325 | 18,847,975 |
| TOTAL LIABILITIES AND NET ASSETS | $39,740,875 | $36,650,588 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND
## STATEMENT OF OPERATIONS AND NET ASSETS

**STATEMENT 2**

**YEAR ENDED DECEMBER 31**

| | 1999 | | 1998 |
|---|---|---|---|
| | **Budget (Note 9)** | **Actual** | **Actual** |
| **REVENUE** | | | |
| Premiums | $ 8,446,000 | $ 9,174,167 | $ 8,240,145 |
| Investment income | 3,000,000 | 2,032,346 | 1,807,525 |
| | 11,446,000 | 11,206,513 | 10,047,670 |
| **EXPENSE** | | | |
| Claims | 6,765,000 | 7,030,085 | 6,599,255 |
| Change in provision for life insurance benefits | - | 5,781,900 | 637,000 |
| Revolving Fund administration (Note 5(a)) | 256,294 | 183,339 | 149,684 |
| Premium taxes - General Revenue Fund | 169,000 | 164,201 | 143,307 |
| Adjudication fees | 170,000 | 157,557 | 143,971 |
| Management fees (Note 5(b)) | 85,000 | 85,081 | 81,616 |
| | 7,445,294 | 13,402,163 | 7,754,833 |
| (Deficit) surplus for the year | 4,000,706 | (2,195,650) | 2,292,837 |
| NET ASSETS, BEGINNING OF YEAR | 18,847,975 | 18,847,975 | 16,555,138 |
| NET ASSETS, END OF YEAR - Statement 1 | $22,848,681 | $16,652,325 | $18,847,975 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND STATEMENT OF CASH FLOWS

**STATEMENT 3**

**YEAR ENDED DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| Cash flows from operating activities: | | |
| (Deficit) surplus for the year | $(2,195,650) | $ 2,292,837 |
| Adjustments for: | | |
| Investment income | (2,032,346) | (1,807,525) |
| Change in non-cash working capital: | | |
| (Increase) in accounts receivable | (9,364) | (85,344) |
| (Increase) in receivable from Co-operators Life Insurance Company | (376,979) | (37,937) |
| (Decrease) in accounts payable | (4,637) | (3,666) |
| (Decrease) increase in claims payable | (503,025) | (257,857) |
| Increase in payable to SaskPower | 11,699 | 262,436 |
| | (5,110,302) | 362,944 |
| Increase in provision for life insurance benefits | 5,781,900 | 637,000 |
| Cash flows from operating activities: | 671,598 | 999,944 |
| Cash flows from investing activities: | | |
| Purchase of segregated fund units | (594,123) | (1,004,309) |
| Net increase (decrease) in cash | 77,475 | (4,365) |
| CASH, BEGINNING OF YEAR | 3,321 | 7,686 |
| CASH, END OF YEAR | $ 80,796 | $ 3,321 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES GROUP LIFE INSURANCE FUND
## NOTES TO THE FINANCIAL STATEMENTS

**DECEMBER 31, 1999**

### 1. Description of Fund

The Public Employees Group Life Insurance Fund (PEGIF) is a special purpose fund used to account for the premiums, claims, investment and certain administrative transactions of the Group Life Insurance Plan (Plan) under subsection 64(2) of *The Financial Administration Act, 1993.*

This Plan is managed by the Public Employees Benefits Agency (PEBA) and provides comprehensive life insurance coverage to certain members of the public service of the Province of Saskatchewan and other Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Plan is administered under the terms of an agreement with The Co-operators Life Insurance Company.

Claims are adjudicated and processed for payment by the Co-operators Life Insurance Company.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Due from Co-operators Life Insurance Company (Co-operators)

According to the agreement between PEBA and Co-operators, Co-operators has established a segregated fund for the investment of PEGIF's monies. The PEGIF's units in the fund represents a debt due by Co-operators. This debt is represented by the segregated fund.

The segregated fund is valued at market and any increase/decrease in the value of the segregated fund is accounted for in the statement of operations and net assets as investment income.

Fair value of the segregated fund approximates its market value.

c) Provision for Life Insurance Benefits

The provision for life insurance benefits represents the present value of future payments arising from benefits for disabled employees whose premiums have been waived. The provision includes the present value of the retirement death benefit certificates for those having retired prior to year-end. The present value is determined pursuant to an actuarial valuation. Any resulting change in the liability pursuant to the valuation is recognized as a revenue or expense item in that year's operations.

d) Claims Expense

Claims expense includes future payments arising from claims made prior to the year-end.

e) Cash and Cash Equivalents

Cash consists of balances with the bank.

## 3. Actuarial Valuation

An actuarial valuation was performed by Aon Consulting Inc. as at December 31, 1999 and by William M. Mercer Limited as at December 31, 1998 to value the liability of making future benefit payments to disabled members whose premiums have been waived prior to year end and the retirement death benefit certificates for those members having retired prior to year end. The valuation determined the liability was $21,884,900 at December 31, 1999 (1998 - $16,103,000). Of the $21,884,900 liability, $6,451,100 is for retirement death benefit certificates and the remainder is for waived premiums.

The valuation is based on the following assumptions: 1) the life waiver valuation is based on the 1970 Group Life Waiver Valuation Table for recovery and 150% of the 1993 Canada Pension Disabled Life Mortality Experience Table for death rates; 2) the interest rate assumed is 6.25%; 3) the mortality rates of existing retirees are based on the Canadian Life 1990-92 tables; 4) a maximum 3% consumer price indexing of future benefit payments to disabled members whose life insurance premiums have been waived; 5) the inflation rate assumed is 2% for the first three years and 3% thereafter. The actual increase will be the same percentage, subject to a maximum of 3% per annum, as the percentage increase in the Consumer Price Index.

If the valuation assumed no cost of living allowance indexing of disability benefits each year, the liability at December 31, 1999 would be $19,363,500 (1998 - $14,991,000).

The liability for future benefits to disabled members whose premiums have been waived prior to year end and the retirement death benefit certificates for those members having retired prior to year end are based on a number of assumptions about future events including: recovery and mortality rates and interest rates. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the interest rate and mortality on retirement death benefit certificates:

- a 1% change in the interest rate equals a 14.7% change in the liability including the cost of living adjustment
- a 10% change of the Group Life Insurance mortality equals a 4.1% change in the liability

The following illustrates the effect of changes in the interest rate, cost of living adjustment and mortality on group life waivers:

- a 1% change in the interest rate equals a 6.3% change in the liability including the cost of living adjustment
- a change in the cost of living adjustment of 1% equals a 5.9% change in the liability
- a change of waiver mortality by 10% equals a 6.6% change in the liability

The liability is long term in nature. Management has no intention of settling its obligation in the near term. Therefore it is not practical to determine the fair value of this liability.

## 4. Retirement Death Benefit Certificate

Effective January 1, 1991, PEGIF began issuing a $3,000 paid up life insurance policy (Retirement Death Benefit Certificate) to retired employees of this plan. The value was increased to $5,000 effective April 1, 1993 for those individuals retiring on or after this date.

SaskPower, SaskEnergy, SGI, Sask Property Management Corp. and the public service in conjunction with CUPE 600 provide a $10,000 paid up life insurance policy to their employees. Additional premiums are submitted for this enhanced benefit.

The paid up certificate remains in force and has no cash value until the employee's death, at which time the face value is payable to the designated beneficiary.

The liability for the paid up policies is included in the provision for life insurance benefits liability shown in the statement of financial position, with the exception of the enhanced portion of the paid up policy of SaskPower. PEGIF has an agreement with SaskPower transferring the liability to the corporation effective 1998. PEGIF continues to collect premiums and pay claims on the corporation's behalf. Accordingly, a trust fund payable to SaskPower exists as the current activity to date has premiums exceeding claims.

## 5. Administration Expenses

a) Public Employees Benefits Agency Revolving Fund

The costs of administering the Public Employees Group Life Insurance Fund are a charge on and paid out of that Fund. These expenditures are paid to the Public Employees Benefits Agency Revolving Fund.

b) Investment Management Services

The Minister of Finance is authorized to invest money of the Group Life Insurance Fund in any securities authorized for investment under the "Investment Policy Guidelines".

The Co-operators Investment Counselling Limited invests the monies of the Fund under a contract to provide services. The Fund pays management fees to the Co-operators Investment Counselling Limited.

## 6. Investment Performance

The following is a summary of the Fund's investment performance:

| | 1999 | Four year annualized return |
|---|---|---|
| Fund (a) | 5.5% | 11.2% |
| Benchmark (b) | 7.9% | 11.7% |

(a) The annual returns are before deducting investment expenses.

(b) The benchmark return is the Fund's target rate of return for its segregated fund. The benchmark return is calculated using actual returns and the Fund's planned investment portfolio for its segregated fund.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Due to the nature of the Fund, all premiums have been received from related parties.

At year-end, the accounts receivable and accounts payable are due to/from related parties.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

### 8. Accounts Receivable/Accounts and Claims Payable/ Receivable from Co-operators Life Insurance Company

These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivables.

### 9. Budget

The Fund submitted the budget to Treasury Board.

### 10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of net assets available for benefits of the Public Employees Pension Plan as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Public Employees Pension Plan as at March 31, 2000 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 12, 2000

## PUBLIC EMPLOYEES PENSION PLAN STATEMENT 1
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

**AS AT MARCH 31**

(in thousands of dollars)

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Balanced Fund | Pre-Retirement Fund | Total | Total |
| **ASSETS** | | | | |
| Investments (Note 3) | | | | |
| Short-term | $ 74,532 | $ 274 | $ 74,806 | $ 70,515 |
| Bonds | 412,941 | 8,883 | 421,824 | 372,549 |
| Equities | 506,530 | - | 506,530 | 415,312 |
| Pooled Funds | 1,419,243 | - | 1,419,243 | 1,206,396 |
| Mortgages | 3,683 | - | 3,683 | 4,546 |
| Real Estate | 42,382 | - | 42,382 | 41,424 |
| | 2,459,311 | 9,157 | 2,468,468 | 2,110,742 |
| Receivables | | | | |
| Employees contributions | 1,309 | - | 1,309 | 2,160 |
| Employers contributions | 1,159 | - | 1,159 | 2,228 |
| Accrued investment income | 8,090 | 127 | 8,217 | 6,394 |
| Due from Pre-Retirement Fund | 43 | - | 43 | 49 |
| | 10,601 | 127 | 10,728 | 10,831 |
| Cash | 59 | 5 | 64 | 337 |
| Due from General Revenue Fund (Note 6) | 8,955 | 2 | 8,957 | 4,427 |
| Total Assets | 2,478,926 | 9,291 | 2,488,217 | 2,126,337 |
| **LIABILITIES** | | | | |
| Administrative expenses payable (Note 7) | 1,056 | 2 | 1,058 | 785 |
| Refunds, transfers and other payables | 1,563 | - | 1,563 | 1,156 |
| Due to Balanced Fund | - | 43 | 43 | 49 |
| Total Liabilities | 2,619 | 45 | 2,664 | 1,990 |
| NET ASSETS AVAILABLE FOR BENEFITS | $2,476,307 | $9,246 | $2,485,553 | $2,124,347 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES PENSION PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**STATEMENT 2**

**FOR THE YEAR ENDED MARCH 31**

(in thousands of dollars)

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Balanced Fund | Pre-Retirement Fund | Total | Total |
| **INCREASE IN ASSETS** | | | | |
| Investment income | | | | |
| Interest | $ 56,670 | $ 594 | $ 57,264 | $ 58,129 |
| Dividends | 37,585 | - | 37,585 | 17,135 |
| Mortgages | 288 | - | 288 | 349 |
| Real Estate | 3,185 | - | 3,185 | 2,680 |
| Other | 224 | - | 224 | - |
| | 97,952 | 594 | 98,546 | 78,293 |
| Current period change in market value of investments | 232,894 | (225) | 232,669 | 12,077 |
| Contributions | | | | |
| Employees | 45,578 | 1,951 | 47,529 | 45,403 |
| Employers | 46,043 | 1,973 | 48,016 | 43,827 |
| Transfers from PRF | 1,300 | - | 1,300 | - |
| Reciprocal transfers in | 9,002 | - | 9,002 | 2,610 |
| | 101,923 | 3,924 | 105,847 | 91,840 |
| Total Increase in Assets | 432,769 | 4,293 | 437,062 | 182,210 |
| **DECREASE IN ASSETS** | | | | |
| Administrative expenses (Note 7) | 5,200 | 17 | 5,217 | 4,345 |
| Transfers, refunds and benefit payments (Note 5) | 58,112 | 3,081 | 61,193 | 51,913 |
| Transfer to Annuity Fund | | | | |
| Contributions | 8,913 | 441 | 9,354 | 9,508 |
| Interest | 91 | 1 | 92 | 35 |
| Total Decrease in Assets | 72,316 | 3,540 | 75,856 | 65,801 |
| INCREASE IN NET ASSETS | 360,453 | 753 | 361,206 | 116,409 |
| NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR | 2,115,855 | 8,492 | 2,124,347 | 2,007,938 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR | $2,476,308 | $9,245 | $2,485,553 | $2,124,347 |

(See accompanying notes to the financial statements)

# PUBLIC EMPLOYEES PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2000

### 1. Description of Plan

The following description of the Public Employees Pension Plan is a summary only. For more complete information, reference should be made to the Plan text.

#### a) General

The *Public Employees Pension Plan Act* (the Act) is the legislative authority for the Public Employees Pension Plan (Plan), which is a defined contribution plan that covers the employees of a number of government entities.

The Act established the Public Employees Pension Plan to accumulate all contributions and earnings for plan members. The Public Employees Pension Plan consists of two funds: the Balanced Fund and the Pre-Retirement Fund. The Pre-Retirement Fund began operations July 1, 1998.

The Balanced Fund receives and holds, in trust for members, contributions received from the members and employers (participants) and investment income derived from the fund's investments.

The Balanced Fund holds bonds, equities, real estate, mortgages and short-term investments. The Balanced Fund's mandate is to provide long-term capital appreciation for members. Allocation of income is based on the market value of the fund. The total available to a member upon termination or retirement is equal to the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

The Pre-Retirement Fund (PRF) receives and holds, in trust for members, contributions received from the member and their employer as well as investment income derived from the fund's investments.

The PRF is available to all members. The PRF holds low risk mid-term income investments and is intended for those members who wish to protect themselves from the volatility of the investment markets. Participation in the PRF is at the discretion of the member. Allocation of income is based on the market value of the fund.

The total available to a member upon termination or retirement is equal to the balance in the particular member's account at that date, subject to certain vesting and other specific rules governing the Plan.

#### b) Administration

The Public Employees Pension Board (Pension Board) is established by Section 3 of the Act. The Pension Board is comprised of seven members that administer the Plan. The Public Employees Benefits Agency provides day-to-day administration.

c) **Retirement**

Members may retire as early as age 55, or after 35 years of service regardless of age.

Upon retirement an employee may elect to receive an annuity from the Pension Board pursuant to Section 44 of the Act, or from a private company that issues annuities.

Alternatively, the funds may be left in the Plan to continue to accumulate earnings to provide retirement income beginning no later than the end of the calendar year in which the member reaches age 69, be transferred to a Locked-in Retirement Account or, after age 55, to a Locked-in Retirement Income Fund, Life Income Fund or a Life Annuity from the Plan, or be transferred to another pension plan which has a reciprocal agreement with the Plan.

For members who elect to have their retirement annuities provided by the Pension Board, the member's accumulated balance in the Plan at the date of retirement is transferred to the Saskatchewan Pension Annuity Fund.

d) **Completeness of Contributions**

Participants are responsible for the accuracy and completeness of member contributions remitted to the Plan and for the employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the participants' contributions and payroll information received from participants.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

### Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are valued at cost which approximates market value.

Real estate is valued at market value as estimated by independent appraisals.

Mortgages are valued by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflects the current market rate for comparable mortgages of a comparable term.

Pooled funds are valued based on the quoted market price of the underlying investments normally the current bid price.

The change in market value of investments during the year is reflected on the financial statements as a current period change in the market value of investments.

Fair value approximates market value of investments.

## 3. Investments

The Plan is a defined contribution plan whereby members bear the investment risk and reap the rewards of superior investment performance as there is no guarantee of pension benefits. The Plan is comprised of two funds: the Balanced Fund and the Pre-Retirement Fund. The Balanced Fund is designed for members whose primary objective is capital growth. The Pre-Retirement Fund is designed for members who wish to reduce their equity exposure as retirement approaches in order to preserve capital. These members have a low risk tolerance. As the primary objective of the Pre-Retirement Fund is capital preservation, its orientation is towards fixed income investments with a term to maturity of five years or less. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets and interest income. This risk arises from differences in the time and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers of securities that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

### Short-term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective rates of 5.1% to 6.1% in the Balanced Fund (1999 - 4.6% to 4.9%), and 5.1% to 5.2% in the Pre-Retirement Fund (1999 - 4.7% to 4.8%) and an average remaining term to maturity of 73 days in the Balanced Fund (1999 - 63 days) and 8 days in the Pre-Retirement Fund (1999 - 8 days).

The Plan's investment policy states that investments must meet a minimum investment standard of "R1" or equivalent rating and Canadian Grain companies with an "R2" rating, by a recognized credit rating service.

Other than the Government of Canada, no single issue represents more than 10.0% of the market value (1999 - 13.4%) of the short-term investment portfolio.

### Bonds and Debentures

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 9% of the market value of the total portfolio may be invested in BBB rated bonds. At March 31, 2000 the Balanced Fund held 0.1% (1999 - 0.4%) of its portfolio in BBB bonds.

## BALANCED FUND

| Years to Maturity | 2000 (000's) Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate | 1999 (000's) Total Market Value | Yield to Maturity at Market | Coupon Rate |
|---|---|---|---|---|---|---|---|---|---|
| Under 5 | 77,524 | 22,726 | 28,412 | 128,662 | 5.55 | 0.00-8.00 | 150,558 | 5.47 | 4.38-10.00 |
| 5 – 10 | 56,941 | 35,741 | 14,657 | 107,339 | 6.27 | 5.50-8.75 | 75,709 | 5.83 | 5.50-8.75 |
| Over 10 | 149,259 | 15,427 | 12,254 | 176,940 | 5.77 | 5.50-8.00 | 138,123 | 5.47 | 5.50-7.90 |
| Market Value | 283,724 | 73,894 | 55,323 | 412,941 | | | 364,390 | | |

## PRE-RETIREMENT FUND

| Years to Maturity | 2000 (000's) Federal | Provincial | Total Market Value | Yield to Maturity at Market | Coupon Rate | 1999 (000's) Total Market Value | Yield to Maturity at Market | Coupon Rate |
|---|---|---|---|---|---|---|---|---|
| Under 5 | 5,607 | 3,275 | 8,883 | 7.04 | 5.50-9.00 | 8,159 | 6.58 | 5.50-8.63 |
| Market Value | 5,607 | 3,275 | 8,883 | | | 8,159 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Equities

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation. Foreign equities represent 24.0% (1999 - 27.3%) of the market value of the equity portfolio. All foreign equities are denominated in Canadian dollars. Dividends are generally declared on an annual basis. The Plan's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. The average dividend rate is 1.7% (1999 - 1.9%).

### Pooled Funds

The Plan limits it investments in pooled equity funds to 10% of the market value of its investment portfolio. Foreign equities including foreign pooled funds, but excluding synthetic pooled funds, are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan limits its investments in synthetic pooled funds to 10% of the market value of its investment portfolio for the U.S. Equity Index fund and 4% of the market value of its investment portfolio for the U.S. Equity Mid Cap Index fund. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of :

| | Market Value (in thousands of dollars) 2000 | 1999 |
|---|---|---|
| Canadian Equity | | |
| Barclays Global Inv. Cda Ltd TSE 300 | $ 244,838 | $ 168,099 |
| Newcastle Derivative Mid Cap Fund | 63,096 | 46,138 |
| Global Equity | | |
| Greystone Emerging Market Fund | 18,431 | 14,437 |
| Greystone Non-North American Fund | 151,025 | 101,064 |
| Templeton Speciality Non-North American Fund | 218,344 | 184,739 |
| Fixed Income Funds | | |
| Emerald Bond Fund | 502,015 | 496,006 |
| Other Canadian | | |
| Barclay Global Inv. Synthetic US Equity Fund | 221,494 | 195,913 |
| | $1,419,243 | $1,206,396 |

Newcastle Derivative Mid Cap Fund combines S&P 400 stock index futures with Canadian money market instruments to create a US equity investment, hedged into Canadian dollars. Barclay's Synthetic US Equity Fund also uses US stock index futures combined with Canadian money market instruments to create a synthetic US equity investment.

### Mortgages

All mortgages are secured by Canadian commercial properties and have effective and stated interest rates of 6.8% to 10.8% (1999 - 5.8% to 10.8%) with an average remaining term of 6.0 years (1999 - 7.3 years). Principal and interest are receivable on a monthly basis.

### Real Estate

Investments in real estate consist of Canadian commercial property.

Included in Real Estate are investments of $4,173,993 (1999 - $4,490,088) in SaskPen Properties Ltd. SaskPen Properties Ltd. is a real estate corporation beneficially owned by Crown managed pension plans in the Province of Saskatchewan.

## 4. Earnings Allocation to Members

Investment income plus the current year's allocation of the change in the market values of investments less administrative expenses is allocated annually to the individual member's account balances in accordance with the provisions of the governing legislation. In 2000, an interest rate of 15.36% for the Balanced Fund (1999 - 4.21%), and 4.38% for the Pre-Retirement Fund (1999 - 5.00%) was approved by the Pension Board for the Plan.

### 5. Transfers, Refunds and Benefit Payments

| | (in thousands of dollars) 2000 | 1999 |
|---|---|---|
| Termination refunds | $ 497 | $ 295 |
| Death and lump sum benefits | 2,741 | 3,427 |
| Marital transfers | 2,651 | 1,591 |
| Transfers to registered retirement savings plans and to private companies providing annuities | 54,043 | 44,787 |
| Reciprocal transfers out | 1,260 | 1,813 |
| | $61,193 | $51,913 |

### 6. Due from General Revenue Fund

The Plan's bank accounts are included in the Consolidation Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Plan's bank accounts using the Government's thirty day borrowing rate and the Plan's bank account balance. The Government's average 30 day borrowing rate in 2000 was 4.79% (1999 - 4.69%).

### 7. Administration Expenses

The annual operating expenditures associated with the Plan's administration are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly.

| | (in thousands of dollars) 2000 Budget | 2000 Actual | 1999 Budget | 1999 Actual |
|---|---|---|---|---|
| Administration costs | $1,955 | $1,667 | $1,660 | $1,523 |
| Custodial fees | 311 | 353 | 275 | 286 |
| Investment management fees | 2,922 | 3,197 | 2,520 | 2,536 |
| | $5,188 | $5,217 | $4,455 | $4,345 |

### 8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. Costs charged by the Public Employees Benefits Agency Revolving Fund in administering the Plan are reflected in these financial statements.

The Plan holds $5,447,991 (1999 - $7,136,169) Province of Saskatchewan Bonds and Debentures with a yield of 5.8% (1999 - 5.4%). Investment income of $410,131 (1999 - $412,967) was recorded from the Province of Saskatchewan Bonds and Debentures.

Other related party transactions are disclosed separately in these financial statements.

Account balances resulting from the above transactions are included in the statement of net assets available for benefits and are settled on normal trade terms.

## 9. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Pension Board. The Pension Board reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

| | Rolling Four Year Average Annual Return Balanced Fund | |
|---|---|---|
| | **2000** | **1999** |
| Plan's actual rate of return (a) | 15.1% | 14.9% |
| Target rate of return (b) | 14.9% | 14.6% |

(a) The annual returns are before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Index, Nesbitt Burns Small Capitalization Canadian Stock Index, Standard & Poor's 500 US Stock Index, Standard and Poor's 400 Mid Capitalization U.S. Stock Index, Morgan Stanley, Europe, Australia and Far East Index, Russell Canadian Property Index, Scotia Capital Markets Universe Bond Index, and 91 Day Canadian Treasury Bill.

The Pre-Retirement Fund was first funded on July 7, 1998. The actual annualized rate of return for the Fund since inception to March 31, 2000 was 4.7%. The target rate of return over the same period was 4.5%. The target rate of return is based on the "All Governments" portion of the Scotia Capital Markets Short-term Bond Index.

## 10. Fair Value

For the following financial instruments:

a) receivables
b) cash
c) due from General Revenue Fund
d) due from Pre-Retirement Fund
e) administrative expenses payable
f) refunds, transfers and other payables, and
g) due to Balanced Fund

the carrying amount approximates fair value due to their immediate or short-term maturity.

The fair value of all other investments is considered to be market value, the determination of which is disclosed in note 2.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Public Service Superannuation Plan as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at March 31, 2000 and the changes in the net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 4, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

# PUBLIC SERVICE SUPERANNUATION PLAN STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

## STATEMENT 1

## AS AT MARCH 31

| | Anti-Tuberculosis League Employees Superannuation Fund (000's) | | Sask Transportation Company Employees Superannuation Fund (000's) | | Public Service Superannuation Fund (000's) | | Total (000's) | |
|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **ASSETS** | | | | | | | | |
| Investments (Note 3): | | | | | | | | |
| Cash and short-term investments | $ - | $ - | $ 877 | $ 429 | $ - | $ - | $ 877 | $ 429 |
| Bonds and debentures | - | - | 12,567 | 12,655 | - | - | 12,567 | 12,655 |
| Equities | - | - | 4,739 | 5,423 | - | - | 4,739 | 5,423 |
| Pooled Funds | - | - | 2,236 | 1,027 | - | - | 2,286 | 1,027 |
| Mortgages | - | - | 80 | 93 | - | - | 80 | 93 |
| Real Estate | - | - | 385 | 1,134 | - | - | 385 | 1,134 |
| Receivables: | | | | | | | | |
| Due from Gen. Revenue Fund (Notes 5 & 6) | 33 | 53 | 1 | 9 | 364 | 624 | 398 | 686 |
| Employees' contributions (Note 6) | - | - | 8 | 9 | 400 | 448 | 408 | 457 |
| Employers' contributions (Note 6) | - | - | 8 | 8 | 42 | 40 | 50 | 48 |
| Accrued investment income | - | - | 198 | 192 | - | - | 198 | 192 |
| Other receivables | 1 | 1 | 1 | 1 | - | - | 2 | 2 |
| Total Assets | $34 | $54 | $21,150 | $20,980 | $806 | $1,112 | $21,990 | $22,146 |
| **LIABILITIES** | | | | | | | | |
| Administrative expense payable | $ 4 | $ 3 | $ 21 | $ 18 | $ - | $ - | $ 25 | $ 21 |
| Other payables | - | - | - | 1 | 806 | 1,112 | 806 | 1,113 |
| Total Liabilities | 4 | 3 | 21 | 19 | 806 | 1,112 | 831 | 1,134 |
| NET ASSETS AVAILABLE FOR BENEFITS | $30 | $51 | $21,129 | $20,961 | $ - | $ - | $21,159 | $21,012 |

(See accompanying notes to the financial statements)

# PUBLIC SERVICE SUPERANNUATION PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

## STATEMENT 2

### YEAR ENDED MARCH 31

| | Anti-Tuberculosis League Employees Superannuation Fund (000's) | | Sask Transportation Company Employees Superannuation Fund (000's) | | Public Service Superannuation Fund (000's) | | Total (000's) | |
|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **INCREASE IN ASSETS:** | | | | | | | | |
| Investment income | | | | | | | | |
| Interest | $ - | $ - | $ 740 | $ 787 | $ - | $ - | $ 740 | $ 787 |
| Dividends-Equities | - | - | 72 | 75 | - | - | 72 | 75 |
| Dividends-Pooled Funds | - | - | 119 | 30 | - | - | 119 | 30 |
| Real Estate | - | - | 39 | 7 | - | - | 39 | 7 |
| Mortgages | - | - | 7 | 58 | - | - | 7 | 58 |
| Other | 2 | 5 | 2 | 2 | - | - | 4 | 7 |
| | 2 | 5 | 979 | 959 | - | - | 981 | 964 |
| Market value adjustment | - | 2 | 910 | 75 | - | - | 910 | 77 |
| Contributions (Note 6) | | | | | | | | |
| Employees' | 4 | 4 | 109 | 117 | 5,805 | 5,950 | 5,918 | 6,071 |
| Employers' | 4 | 3 | 109 | 116 | 491 | 515 | 604 | 634 |
| | 8 | 7 | 218 | 233 | 6,296 | 6,465 | 6,522 | 6,705 |
| Deficiency payment from General Revenue Fund (Note 6) | 730 | 426 | - | - | 83,271 | 86,777 | 84,001 | 87,203 |
| Total increase in assets | 740 | 440 | 2,107 | 1,267 | 89,567 | 93,242 | 92,414 | 94,949 |
| **DECREASE IN ASSETS:** | | | | | | | | |
| Administration expense (Note 7) | 31 | 24 | 123 | 108 | - | - | 154 | 132 |
| Superannuation allowances | 730 | 736 | 1,753 | 1,711 | 88,798 | 91,129 | 91,281 | 93,576 |
| Refunds and transfers | | | | | | | | |
| Contributions | - | - | 29 | 32 | 200 | 743 | 229 | 775 |
| Interest | - | - | 34 | 34 | 266 | 816 | 300 | 850 |
| Equity on death | - | - | - | - | 127 | 24 | 127 | 24 |
| Marital breakdown | - | - | - | - | 43 | 60 | 43 | 60 |
| Employer matching on reciprocal transfer | - | - | - | - | 133 | 470 | 133 | 470 |
| Total decrease in assets | 761 | 760 | 1,939 | 1,885 | 89,567 | 93,242 | 92,267 | 95,887 |
| Net (decrease) increase in assets | (21) | (320) | 168 | (618) | - | - | 147 | (938) |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | 51 | 371 | 20,961 | 21,579 | - | - | 21,012 | 21,950 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR | $ 30 | $ 51 | $21,129 | $20,961 | $ - | $ - | $21,159 | $21,012 |

(See accompanying notes to the financial statements)

# PUBLIC SERVICE SUPERANNUATION PLAN
# NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2000

### 1. Description of the Plan

#### a) General

The Public Service Superannuation Board (Board) administers the funds that make up the Public Service Superannuation Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

The Public Service Superannuation Plan is a defined benefit final average pension plan. Plan details are contained in *The Public Service Superannuation Act* and *The Superannuation (Supplementary Provisions) Act*. The three main components of the Plan are described as follows:

*i) Anti-Tuberculosis League Employees Superannuation Fund*

The Anti-Tuberculosis League Employees Superannuation Fund (AntiTB Fund) was established under provisions of an amendment to *The Public Service Superannuation Act*, effective April 1, 1979. The AntiTB Fund was established to accumulate contributions paid by employees of the Saskatchewan Anti-Tuberculosis League and any investment income.

*ii) Saskatchewan Transportation Company Employees Superannuation Fund*

The Saskatchewan Transportation Company Employees Superannuation Fund (STC Fund) was established by an amendment to *The Public Service Superannuation Act*, effective April 1, 1981. The STC Fund was established to accumulate contributions paid by employees of the Saskatchewan Transportation Company as of March 31, 1981 and any investment income.

*iii) Public Service Superannuation Fund*

Members of the Public Service Superannuation Fund (PSSF) include those public service employees who were employed prior to October 1, 1977 and did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

#### b) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions.

Certain employers are required to match employees' contributions in respect of current service.

#### c) Retirement

Normal retirement is at age 65. Members may retire earlier under certain conditions.

d) **Pensions**

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) **Basis of Accounting**

These financial statements are prepared using the accrual basis of accounting.

b) **Investments**

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers. In the absence of recorded sales, reference is made to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Short-term investments are recorded at cost which approximates market value. Investments in real estate are recorded at market as estimated by independent appraisals. Mortgages are recorded at market using current market yields.

Pooled funds are recorded based on the quoted market price of the underlying investments, normally the current bid price.

The change in the market value of investments during the year is reflected in the statement of changes in the net assets available for benefits as a market value adjustment.

Fair value of the investments approximates the market value.

## 3. Investments

**STC Fund**:

The investment objectives of the Fund are to ensure the Fund has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Fund's liabilities, the Fund takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's assets is affected by short-term changes in nominal interest rates and equity markets.

b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Fund. The Fund limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

### Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 5.2% to 6.1% (1999 - 4.7% to 4.9%) and an average remaining term to maturity of 108 (1999 - 96) days. The Fund's investment policy states that investments must meet a minimum investment standard of "R-1", as rated by a recognized credit rating service. Other than Government of Canada, no single issuer represents more than 58.2% of the market value (1999 - 19.8%) of the short-term investment portfolio.

### Bonds and Debentures

The Fund's investment policy states that corporate bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 10% of the total portfolio may be invested in BBB rated corporate bonds. As at March 31, 2000, the Fund held 0.4% (1999 - 1.2%) in BBB corporate bonds.

| | 2000 | | | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|---|
| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
| Under 5 | $2,016 | $ 669 | $ 982 | $3,667 | 5.0-7.6% | 4.9-8.0% | $ 5,068 | 4.5-7.3% | 4.5-8.0% |
| 5-10 | 1,873 | 1,177 | 472 | 3,522 | 5.7-7.9% | 5.5-8.8% | 2,439 | 5.4-7.4% | 5.5-8.8% |
| Over 10 | 4,241 | 733 | 404 | 5,378 | 5.7-7.4% | 5.5-8.0% | 5,148 | 5.3-6.7% | 5.5-7.9% |
| Market Value | $8,130 | $2,579 | $1,858 | $12,567 | | | $12,655 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Equities

The Fund's equities include common shares that have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis. The average effective dividend rate is 1.42%.

The Fund's investment policy allows no one holding to represent more than 10% of the market value of the equity portfolio and no one holding to represent more than 10% of the common stock in any corporation. Foreign equities represent 0% (1999 - 5.1%) of the market value of the Fund. All foreign equities are denominated in Canadian dollars.

### Pooled Funds

The Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the fund manager. The Fund limits its investment in pooled funds to 10% of the market value of the pooled fund unless provision is made to withdraw assets "in-kind" from the fund.

Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The pooled funds are comprised of the Greystone Capital Non-North American Fund $1,106,973 (1999 - $881,000), Greystone Capital

Emerging Markets Fund $174,521 (1999 - $146,000) and Greystone Capital US Equities Fund $1,005,047 (1999 - $0).

### Mortgage

The mortgage is secured by a Canadian commercial property and has an effective and stated interest rate of 9% with a remaining term of 4.1 years. Principal and interest are receivable on a monthly basis.

### Real Estate

Investments in real estate consist of Canadian commercial property.

## 4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method, pro rated on services and the best estimate assumptions approved by the Public Employees Benefits Agency. An actuarial valuation was performed as at September 30, 1999 by Aon Consulting and an extrapolation was made to March 31, 2000. Previous to this an actuarial valuation of the Plan was performed as at December 31, 1996 and extrapolated to March 31, 1999 by William M. Mercer Ltd.

The actuarial present value of benefits as at March 31 and the principal components of changes in actuarial present values during the year were as follows:

| | AntiTB Fund (000's) | | STC Fund (000's) | | PSSF Fund (000's) | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| Actuarial present value of accrued pension benefits at beginning of year | $6,035 | $6,351 | $25,539 | $25,265 | $1,273,150 | $1,266,632 |
| Experience loss (gain) | 355 | - | 195 | - | 49,864 | - |
| Difference in ad hoc indexing experience | - | (7) | - | (21) | - | (1,219) |
| Effect of change in assumptions | 258 | - | 2,445 | - | 170,691 | - |
| Interest accrued on benefits | 397 | 419 | 1,724 | 1,729 | 85,986 | 86,340 |
| Benefits accrued | 9 | 8 | 414 | 344 | 17,618 | 14,639 |
| Benefits paid | (730) | (736) | (1,816) | (1,778) | (89,567) | (93,242) |
| Actuarial present value of accrued pension benefits at end of year | 6,324 | 6,035 | 28,501 | 25,539 | 1,507,742 | 1,273,150 |
| Net assets available for benefits | (30) | (51) | (21,129) | (20,961) | - | - |
| Unfunded liability | $6,294 | $5,984 | $ 7,372 | $ 4,578 | $1,507,742 | $1,273,150 |

The assumptions used in determining the actuarial value of accrued pension benefits are as follows:

- salary excalation rate is 2.0% increasing to 3.25%
- inflation rate is 2.0% increasing to 3.25%
- interest rate is 6.25%

The changes in the long-term assumptions from the previous valuations are as follows:

- Interest rate has decreased from 7% to 6.25%.
- Inflation rate has been decreased from 4% to 2% for the period 2000 to 2002, increasing to 3.25% in 2003 and thereafter.
- Salary increases have been adjusted to be equal to inflation. The previous valuation used inflation plus 1%.

The pension liability is long-term in nature. The Funds have no intention of settling their pension obligation in the near term and there is no market for settling their pension obligations. Therefore, determination of the fair value of the pension liability is not practical.

The pension liability is based on a number of assumptions about future events including: interest, rate of salary increase, mortality, retirement rates, termination rates and inflation. The actual rates may vary significantly from the long-term assumptions used.

The following illustrates the effect on the pension liability of changing certain assumptions from the estimated rates of inflation 3.25%, salary 3.25% and investment rate 6.25% and post-retirement indexing 50% of inflation.

**Long-term Assumptions**

| Effect on Liability | Inflation* | | Salary | | Interest Rate | | Post-retirement Indexing | |
|---|---|---|---|---|---|---|---|---|
| | 4.25% | 2.25% | 4.25% | 2.25% | 7.25% | 5.25% | 2.125% | 1.125% |
| AntiTB (decrease) increase | (3.2%) | 3.4% | 0.1% | (0.1%) | (6.5%) | 7.4% | 3.6% | (3.4%) |
| STC (decrease) increase | (4.7%) | 5.2% | 0.7% | (0.7%) | (9.3%) | 11.0% | 4.7% | (4.3%) |
| PSSF (decrease) increase | (5.1%) | 5.7% | 1.4% | (1.3%) | (10.5%) | 12.7% | 4.9% | (4.6%) |

* A 1% change in the inflation rate has a corresponding change in the interest rate and salary rate of 1% and in the post-retirement indexing of 0.5%.

The actual present value of accrued pension benefits contains a provision for ad hoc increases which are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions he considers advisable.

The unfunded liability for AntiTB Fund and STC Fund are not payable immediately. The expected cash inflows from contributions and investment income and the expected cash outflows to pay the required pension obligation are calculated using the above assumptions. The net cash outflows for the AntiTB Fund in the next 5 years would be $3.3 million, in the next 10 years $6.1 million and in the next 30 years $10.5 million. The net cash flows for the STC Fund in the next 5 years would be $10.2 million, in the next 10 years $21.7 million, and in the next 30 years $59.0 million. See Note 10 for the cash flow forecast for the Public Service Superannuaton Fund.

Subsections 60.1(12) and 60.2(13) of *The Public Service Superannuation Act* indicate that if there are insufficient moneys in the Funds to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the General Revenue Fund.

## 5. Due from General Revenue Fund

The STC Fund and the AntiTB Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Each Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into each Fund's bank account using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty day borrowing rate in 1999/2000 was 4.79%.

## 6. Deficiency Payment from the General Revenue Fund

Under Section 40 of *The Public Service Superannuation Act* for the Public Service Superannuation Fund, all funds received by the Board are recorded as revenue of the General Revenue Fund. No funds are set aside for the payment of future benefits. All allowances or other payments are made out of the General Revenue Fund. The Fund's deficiency payment from the General Revenue Fund in 2000 is $89,567,000 (1999 - $93,242,000) of which contributions make up part of this payment.

## 7. Related Party Transactions

### a) Administration

i) The annual operating expenditures associated with the administration of the STC Fund and AntiTB Fund are paid to the Public Employees Benefits Agency Revolving Fund except for custodial fees and investment management fees which are paid directly.

| | 2000 (000's) | | | | | | 1999 (000's) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Anti-TB | | STC | | Total | | | | |
| | Actual | Budget | Actual | Budget | Actual | Budget | AntiTB | STC | Total |
| Administration costs | $31 | $30 | $ 69 | $75 | $100 | $105 | $ 24 | $ 56 | $ 80 |
| Custodial fees | - | - | 24 | - | 24 | - | - | 23 | 23 |
| Investment management fees | - | - | 30 | - | 30 | - | - | 29 | 29 |
| | $31 | $30 | $123 | $75 | $154 | $105 | $ 24 | $108 | $132 |

ii) Public Service Superannuation Fund

In accordance with subsection 3(3) of *The Public Service Superannuation Act*, all general administrative and employee costs required for the administration of the Board are paid out of the General Revenue Fund of the Province of Saskatchewan. Accordingly, no provision for these costs is included in these financial statements.

### b) Investment Holdings

Included in bonds and debentures of the STC Fund are Province of Saskatchewan holdings totalling $166,000 (1999 - $239,000).

Account balances resulting from the above transactions are included in the statements of net assets available for benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.

## 8. Investment Performance - STC Fund

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Public Service Superannuation Board. The Board reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over four year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.
The following is a summary of the Fund's investment performance:

| | 2000 | Rolling Four Year Average Annual Return |
|---|---|---|
| Fund's actual rate of return (a) | 9.5% | 12.8% |
| Target rate of return (b) | 13.0% | 12.4% |

(a) The annual returns are before deducting investment expenses.
(b) The Fund's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock

Exchange 300 Index, Standard & Poor's 500 US Stock Index and the Scotia Capital Markets Universe Bond Index.

## 9. Receivables/Administrative Expense Payables and Other Payables

These financial instruments are interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value approximates fair value.

## 10. Cash Flow Forecast - Public Service Superannuation Fund

The total cash inflows are the amount of contributions and investment income expected to be received by the pension plan. The total cash outflows are the amounts required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 4.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2030.

| Year | Cash Inflows (000's) | Cash Outflows (000's) | Cash Required (000's) |
|---|---|---|---|
| 2000-2001 | 5,717 | 90,858 | 85,141 |
| 2001-2002 | 5,472 | 92,594 | 87,122 |
| 2002-2003 | 5,242 | 94,307 | 89,065 |
| 2003-2004 | 4,984 | 96,695 | 91,711 |
| 2004-2005 | 4,683 | 99,621 | 94,938 |
| Total within 5 years | 26,098 | 474,075 | 447,977 |
| Total 5 - 10 years | 16,567 | 557,215 | 540,648 |
| Total 11 - 30 years | 2,454 | 2,308,408 | 2,305,954 |

## 11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Pension Annuity Fund as at March 31, 2000 and the statements of operations and net assets (deficit) and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 20, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

## SASKATCHEWAN PENSION ANNUITY FUND
## STATEMENT OF FINANCIAL POSITION

STATEMENT 1

**AS AT MARCH 31**

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Investments (Note 3) | | |
| Short-term | $ 1,796,937 | $ 1,056,494 |
| Bonds and debentures | 70,617,276 | 62,949,752 |
| | 72,414,213 | 64,006,246 |
| Receivables (Note 6) | | |
| Accrued investment income | 1,204,656 | 1,135,033 |
| Members' contributions receivable | 6,270 | 7,510 |
| | 1,210,926 | 1,142,543 |
| Due from General Revenue Fund (Note 4) | 157,908 | 150,047 |
| Cash (Note 6) | 2,396 | 4,581 |
| Total Assets | $73,785,443 | $65,303,417 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities: | | |
| Administration expenses payable (Note 6) | 21,330 | 21,079 |
| Accumulated provision for annuities payable (Note 5) | 73,675,000 | 64,497,608 |
| Total Liabilities | 73,696,330 | 64,518,687 |
| Net Assets (Statement 2) | 89,113 | 784,730 |
| TOTAL LIABILITIES AND NET ASSETS | $73,785,443 | $65,303,417 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN PENSION ANNUITY FUND STATEMENT 2
## STATEMENT OF OPERATIONS AND NET ASSETS (DEFICIT)

### YEAR ENDED MARCH 31

| | 2000 | 1999 |
|---|---|---|
| **REVENUES** | | |
| Transfers from designated plans | $ 9,775,154 | $ 9,507,862 |
| Investment income | 5,276,034 | 5,364,023 |
| Total Revenue | 15,051,188 | 14,871,885 |
| **EXPENSES** | | |
| Change in accumulated provision for annuities payable (Note 5) | 9,177,392 | 7,961,608 |
| Annuities paid | 6,424,876 | 5,741,392 |
| Administration expenses (Note 7) | 144,537 | 139,663 |
| Total Expenses | 15,746,805 | 13,842,663 |
| Net (loss) income for the year | (695,617) | 1,029,222 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | 784,730 | (244,492) |
| NET ASSETS, END OF YEAR – to Statement 1 | $ 89,113 | $ 784,730 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN PENSION ANNUITY FUND
## STATEMENT OF CASH FLOWS

**STATEMENT 3**

**YEAR ENDED MARCH 31**

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net (loss) income for the year | $ (695,617) | $ 1,029,222 |
| Adjustments for: | | |
| Loss (gain) on sale of investments | 49,704 | (576,993) |
| Amortization of bond premiums and discounts | (1,253,843) | (973,225) |
| | (1,204,139) | (1,550,218) |
| Change in non-cash working capital: | | |
| Decrease in members contributions receivable | 1,240 | 228,059 |
| (Increase) in accrued investment income | (69,623) | (147,145) |
| Increase in administrative expenses payable | 251 | 9,096 |
| | (68,132) | 90,010 |
| Increase in accumulated provision for annuities payable | 9,177,392 | 7,961,608 |
| Cash flows from operating activities | 7,209,504 | 7,530,622 |
| Cash flows from investing activities: | | |
| Purchase of investments | (66,391,603) | (114,111,538) |
| Proceeds from sale of investments | 59,187,775 | 106,577,167 |
| | (7,203,828) | (7,534,371) |
| Net increase (decrease) in cash and cash equivalents | 5,676 | (3,749) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 154,628 | 158,377 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ 160,304 | $ 154,628 |
| Cash and Cash Equivalents are comprised of: | | |
| Due from General Revenue Fund | $ 157,908 | $ 150,047 |
| Cash | 2,396 | 4,581 |
| Cash and Cash Equivalents | $ 160,304 | $ 154,628 |

(See accompanying notes to the financial statements)

# SASKATCHEWAN PENSION ANNUITY FUND
# NOTES TO THE FINANCIAL STATEMENTS

## MARCH 31, 2000

### 1. Description of Plan

The Public Employees Pension Board (Pension Board) administers the Saskatchewan Pension Annuity Fund (Fund). The day-to-day administration is provided by the Public Employees Benefits Agency (PEBA). The Fund operates pursuant to Section 5 of *The Saskatchewan Pension Annuity Fund Act* (Act). Further information about the Fund can be found in the Act.

The purpose of the Fund is to provide annuities to members of designated pension plans. Designated pension plans include Public Employees Pension Plan and Members of the Legislative Assembly Superannuation Plan. Members of a designated plan may upon retirement elect to receive an annuity from the Fund, as an alternative to purchasing an annuity from a private company that issues annuities. Those electing to receive an annuity from the Fund transfer their accumulated contributions and interest from their designated plan to the Fund at the time of retirement.

Subsection 5(7) of the Act requires any amount by which the liabilities of the Annuity Fund exceed the assets of the Fund to be a charge on, and a payable out of, the General Revenue Fund. As the annuities payable are long-term liabilities and as the Fund's assets exceed its liabilities, the Fund has not recorded any amount as a receivable from the General Revenue Fund.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

#### a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

#### b) Investments

Investments are recorded at cost. Premiums and discounts on the acquisition of bonds and debentures are amortized to earnings over the term of the security. Gains or losses realized upon the sale of investments are recognized in the period of disposition.

#### c) Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable represents the present value of the annuities underwritten by the Pension Board and is determined pursuant to an annual actuarial valuation.

Any resulting change in the liability pursuant to the valuation is recognized as revenue or expense in the statement of operations and net assets (deficit).

#### d) Cash and Cash Equivalents

Cash consists of cash balances with the investment custodian and the amount due from the General Revenue Fund.

## 3. Investments

The investment objective is to structure the investment portfolio to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to annuitants when due, and to ensure long-term solvency.

The Fund holds investments in long-term bonds with terms matching the remaining life expectancies of annuitants.

The projected cash inflows over the life of the Fund are expected to meet the cash outflows.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities.

The value of the Fund's assets is affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Fund. The Fund limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

### Short-term Investments

Short-term investments are comprised of T-Bills and notes with effective rates of 5.10% to 5.40% (1999 - 4.70% to 4.80%) and an average remaining term to maturity of 8 days (1999 - 8 days). The Fund's investment policy states that investments must meet a minimum investment standard of "R1" as rated by a recognized credit rating service. Other than the Government of Canada, no single issue represents more than 33.29% of the market value (1999 - 0%) of the short-term investment portfolio.

### Bonds and Debentures

The Fund's investment policy states that government bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 15% of the par value of the bond portfolio may be invested in BBB rated bonds. At March 31, 1999 and 2000, the Fund held none of its portfolio in BBB bonds.

No more than 10% of the market value of the bond portfolio may be invested in corporate bonds. At March 31, 2000 the Fund held 9.17% (1999 - 10.63%) of the market value of bonds and debentures in corporate bonds. The minimum credit rating for corporate bonds is "A" or equivalent as rated by a recognized credit rating service.

(in thousands of dollars)

| | 2000 | | | | | | 1999 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Market Value | | | | | | | | |
| Years to Maturity | Federal | Provincial | Corporate | Total | Yield to Maturity at Market | Coupon Rate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
| Under 1 | 145 | 1,163 | - | 1,308 | 0 | 0.00- 0.00 | 906 | 5.24 | 0.00- 9.88 |
| 1 - 5 | 1,816 | 1,206 | 2,695 | 5,717 | 6.63 | 0.00-11.00 | 4,690 | 5.38 | 0.00-11.00 |
| 5 – 10 | 7,292 | 5,219 | - | 12,511 | 2.92 | 0.00-10.25 | 7,869 | 2.45 | 0.00-9.63 |
| Over 10 | 21,291 | 30,739 | 4,260 | 56,290 | 6.02 | 0.00-11.25 | 60,098 | 5.58 | 0.00-11.25 |
| Market Value | 30,544 | 38,327 | 6,955 | 75,826 | | | 73,563 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The Fund's investments are comprised of:

(in thousands of dollars)

| Bonds and Debentures | 2000 Cost | 2000 Market Value | 1999 Cost | 1999 Market Value |
|---|---|---|---|---|
| Province of Saskatchewan | $ 1,268 | $ 1,564 | $ 1,518 | $ 1,949 |
| Other Provincial | 44,254 | 36,763 | 40,494 | 35,326 |
| Corporate | 5,804 | 6,955 | 6,054 | 7,820 |
| Canada | 34,894 | 30,544 | 29,755 | 28,468 |
| Total bonds and debentures at par value | 86,220 | 75,826 | 77,821 | 73,563 |
| Less unamortized discounts | (15,603) | - | (14,871) | - |
| Total bonds and debentures amortized cost | 70,617 | 75,826 | 62,950 | 73,563 |
| Short-term investments | 1,797 | 1,797 | 1,056 | 1,056 |
| Total investments | $72,414 | $77,623 | $64,006 | $74,619 |

Investments are recorded at cost because investments are matched with liabilities to minimize interest rate and reinvestment risk. Fair value approximates the market value of investments.

## 4. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund's bank accounts using the Government's thirty day borrowing rate and the Fund's bank account balance. The Government's average thirty day borrowing rate for 1999/2000 is 4.79% (1999 - 5.04%).

## 5. Accumulated Provision for Annuities Payable

The accumulated provision for annuities payable is the actuarial value of the future expected annuity benefit obligations to pensioners. An actuarial valuation of the Fund was performed as at March 31, 1999 and 2000 by Aon Consulting Inc. The actuarial valuation was based on a number of assumptions about future events such as interest rates and mortality. The interest rate assumptions were based on the annuity conversion rate for 15 years from date of issue, reducing to 6% thereafter. The average conversion rate of annuities presently being paid is 8.34%. For mortality, 80% of the 1983 Group Annuity Mortality Table mortality rates are used.

The annual change in the annuity payable is reflected in the Statement of Operations and Net Assets (Deficit). The principal components of change during the year were as follows:

| | (in thousands of dollars) 2000 | 1999 |
|---|---|---|
| Accumulated provision for annuities payable, beginning of year | $64,498 | $56,536 |
| Interest on accrued benefits | 4,961 | 4,760 |
| New annuities purchased in the year | 10,305 | 9,503 |
| Annuities paid | (6,163) | (5,368) |
| Experience loss/(gain) | 74 | (933) |
| Accumulated provision for annuities payable, end of year | $73,675 | $64,498 |

The annuity payable is based on assumptions about future events including: interest and mortality rates. The actual rates may vary significantly from the assumptions used. It is reasonably possible, based on existing assumptions, that changes in future conditions in the near term could require a material change in the annuity payable. A 1% increase in the interest rate decreases the liability $5.9 million and a 1% decrease in the interest rate increases the liability $6.9 million.

The accumulated provision for annuities payable is long-term in nature. The Fund has no intention of settling it in the near term. Therefore, determination of the fair value of the accumulated provision for annuities payable is not practicable.

## 6. Receivables/Cash/Administrative Expenses Payable

Due to the short-term nature of these financial instruments, the fair value of these instruments approximates their carrying value.

## 7. Administration Expenses

(in thousands of dollars)

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Budget | Actual | Budget | Actual |
| Administration costs – PEBA | $ 68 | $ 80 | $ 70 | $ 75 |
| Custodial fees - Royal Trust | 13 | 8 | 10 | 11 |
| Investment management fees - Greystone Capital Management Inc. | 65 | 56 | 55 | 54 |
| | $146 | $144 | $135 | $140 |

## 8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the Government. These financial statements include expenses associated with administering the Fund and are paid to the Public Employee Benefits Agency Revolving Fund. Related party transactions with the Fund are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

The Fund holds $1,298,698 (1999 - $1,551,769) Province of Saskatchewan bonds and debentures. For the year ended March 31, 2000, the investment income of $132,863 (1999 - $150,484) was earned on the Province of Saskatchewan bonds and debentures.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

# Auditors' Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of net assets available for benefits of the Saskatchewan Pension Plan as at December 31, 1999 and the statements of changes in net assets available for benefits and operating expenses for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP
Chartered Accountants

Saskatoon, Canada
February 24, 2000

# Saskatchewan Pension Plan
## Statement of Net Assets Available for Benefits
## As at December 31

(in thousands)

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Contribution Fund | Annuity Fund | Total | Contribution Fund | Annuity Fund | Total |
| **ASSETS** | | | | | | |
| Investments (Note 3) | | | | | | |
| Money Market | $ 7,385 | $ 1,986 | $ 9,371 | $ 8,332 | $ 1,227 | $ 9,559 |
| Bonds | 59,555 | 42,919 | 102,474 | 57,157 | 39,366 | 96,523 |
| Equities | 65,636 | - | 65,636 | 60,745 | - | 60,745 |
| | 132,576 | 44,905 | 177,481 | 126,234 | 40,593 | 166,827 |
| Cash | 253 | 137 | 390 | 192 | 115 | 307 |
| Accrued Interest and Dividends | 686 | 602 | 1,288 | 881 | 576 | 1,457 |
| Prepaid (Deferred) Retirement Transfers | 473 | (473) | - | 465 | (465) | - |
| Prepaid Pension Benefits | - | 375 | 375 | - | 344 | 344 |
| | 133,988 | 45,546 | 179,534 | 127,772 | 41,163 | 168,935 |
| **LIABILITIES** | | | | | | |
| Operating Expenses Payable | 109 | 37 | 146 | 88 | 25 | 113 |
| Death and Other Benefits Payable | 126 | 26 | 152 | 112 | 72 | 184 |
| Deferred Member Contributions | 3 | - | 3 | 2 | - | 2 |
| | 238 | 63 | 301 | 202 | 97 | 299 |
| **NET ASSETS AVAILABLE FOR BENEFITS** | $133,750 | $ 45,483 | $179,233 | $127,570 | $ 41,066 | $168,636 |

ON BEHALF OF THE TRUSTEES:

Earl R Hanson

Earl R. Hanson, Chairperson

H. Deglau

Honey Deglau

(See Accompanying Notes)

# Saskatchewan Pension Plan
# Statement of Changes in Net Assets Available for Benefits
# For the Year Ended December 31

(in thousands)

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Contribution Fund | Annuity Fund | Total | Contribution Fund | Annuity Fund | Total |
| **INCREASES IN ASSETS** | | | | | | |
| Contributions | $ 4,650 | $ - | $ 4,650 | $ 4,632 | $ - | $ 4,632 |
| Investment Income | | | | | | |
| Interest | 4,031 | 3,592 | 7,623 | 4,160 | 3,378 | 7,538 |
| Dividends | 2,112 | - | 2,112 | 1,491 | - | 1,491 |
| | 6,143 | 3,592 | 9,735 | 5,651 | 3,378 | 9,029 |
| Change in Market Value of Investments | 3,385 | - | 3,385 | 5,986 | - | 5,986 |
| | 14,178 | 3,592 | 17,770 | 16,269 | 3,378 | 19,647 |
| **TRANSFERS ON RETIREMENT** | (6,577) | 6,577 | - | (5,687) | 5,687 | - |
| **DECREASES IN ASSETS** | | | | | | |
| Pension Benefits | - | 4,291 | 4,291 | - | 3,960 | 3,960 |
| Operating Expenses | 1,077 | 375 | 1,452 | 978 | 332 | 1,310 |
| Transfer to Other Pension Plans | - | 832 | 832 | - | 755 | 755 |
| Death and Other Benefits | 344 | 254 | 598 | 300 | 281 | 581 |
| | 1,421 | 5,752 | 7,173 | 1,278 | 5,328 | 6,606 |
| Change in Net Assets | 6,180 | 4,417 | 10,597 | 9,304 | 3,737 | 13,041 |
| **NET ASSETS AVAILABLE FOR BENEFITS BEGINNING OF YEAR** | 127,570 | 41,066 | 168,636 | 118,266 | 37,329 | 155,595 |
| **NET ASSETS AVAILABLE FOR BENEFITS END OF YEAR** | $133,750 | $ 45,483 | $179,233 | $127,570 | $ 41,066 | $168,636 |

(See Accompanying Notes)

# Saskatchewan Pension Plan
# Statement of Operating Expenses
# For the Year Ended December 31

(in thousands)

| | 1999 | 1998 |
|---|---|---|
| **EXPENSES** | | |
| Salaries and Wages | $ 566 | $ 516 |
| Professional and Technical Services | 456 | 440 |
| Advertising and Promotional | 207 | 159 |
| Facility and Equipment Rental | 63 | 65 |
| Computer Systems | 50 | 40 |
| Telephone, Freight, and Postage | 47 | 40 |
| Office Supplies | 28 | 24 |
| Board Honorariums and Expenses | 15 | 12 |
| Other Contractual | 8 | 6 |
| Travel | 7 | 8 |
| Office Improvements | 5 | - |
| **NET OPERATING EXPENSES OF THE PLAN** | $ 1,452 | $ 1,310 |
| **OPERATING EXPENSES ALLOCATED AS FOLLOWS:** | | |
| Contribution Fund | $ 1,077 | $ 978 |
| Annuity Fund | 375 | 332 |
| | $ 1,452 | $ 1,310 |

(See Accompanying Notes)

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 1999

## 1. Description of Plan

a) General

The Saskatchewan Pension Plan ("SPP" or the "Plan") is a defined contribution plan established by the Government of Saskatchewan to provide an opportunity for individuals with little or no access to private pensions or other retirement savings arrangements to save for their retirement. Details of the Plan are contained in *The Saskatchewan Pension Plan Act* (the Act) and Regulations.

b) Funds Established

The following funds were established to administer the Plan:

i) Contribution Fund

Established to accumulate all contributions and earnings for members who have not yet retired under the Plan. The Fund holds a balanced portfolio including equities, bonds and short term investments to maximize earnings while minimizing risk to members.

ii) Annuity Fund

Established to hold the funds to make pension payments to retired members. The Fund holds investments in high quality long-term bonds. The Fund also holds money market investments for current pension needs and to pay administration costs. Equity investments are not permitted. The investment portfolio is structured to limit the effect on the Fund due to changes in the level of interest rates, to provide sufficient liquidity for payments to retirees when due, and to ensure long-term solvency.

c) Contributions

Participation is voluntary and members can contribute a maximum of $600 for each plan year. Contributions are vested immediately in the member's name and are locked into the Plan until retirement.

d) Retirement

Members may retire under the Plan as early as age 55 or delay retirement as late as age 69. A member's accumulated account balance at retirement comprises the member's contributions to the Plan together with the investment income and changes to the market value of the Plan's investments allocable to the member as of that date under the terms of the Plan. At retirement, members may select a pension option which is payable for life or transfer their account to a locked-in pension option with a different financial institution. The options available are Locked-in Retirement Account (LIRA), Locked-in Retirement Income Fund (LRIF), and Life Income Fund (LIF). The accumulated account balances of members who opt to remain in the Plan at retirement are transferred to the Annuity Fund.

e) Operating Expenses

Operating expenses are allocated to the Funds based on their weighted average asset base as prescribed by Regulation.

f) Income Tax

The Plan is a prescribed provincial plan under the Income Tax Act and is not subject to tax.

g) Death Benefits

Should a member die prior to retirement, the funds in his or her account will be paid to the named beneficiary. If the beneficiary is the member's spouse, the funds may be transferred to the spouse's SPP account or to their own registered retirement savings plan.

Should a member die after retirement, death benefits are payable according to the type of annuity the member selected at retirement.

h) Survivor Benefits

When a member who selected the Joint and Last Survivor Annuity dies, benefits are paid to the survivor for the balance of his or her life.

i) Withdrawal Provisions

Members whose monthly pensions are less than the prescribed amount can withdraw their total pension in one lump sum instead of receiving monthly benefits. In 1999, the prescribed amount was $15.58.

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 1999
(in thousands)

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in Canada. The following policies are considered to be significant:

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Investments

i) Contribution Fund

Investments are recorded at market value which is determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Money market investments are valued at cost which approximates market.

ii) Annuity Fund

Money market investments are valued at cost which approximates market value. Investments in bonds are valued at the present value of future cash flows, discounted at the effective yield on the date of purchase. Funds are transferred from the Contribution Fund at the date members retire, and these funds are invested in long-term bonds with terms matching the remaining life expectancy of the members. Under the policy of the Plan such bonds are generally required to be held to maturity and therefore are not considered to be marketable. In the event that bonds are disposed of, gains and losses on such dispositions are deferred and taken into income over the remaining term to maturity of the security sold to be consistent with the basis of underwriting annuities, which are issued based on the prevailing interest rates at the time of retirement.

## 3. Investments

### a. Contribution Fund

### i) Money Market

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Average Term (in days) | Effective Interest Rate (percent) | Market Value | Average Term (in days) | Effective Interest Rate (percent) | Market Value |
| Treasury Bills | 119 | 5.0 | $4,802 | 124 | 4.6 | $4,461 |
| Bankers Acceptances | 30 | 5.0 | 2,583 | 27 | 4.9 | 3,871 |
| | | | $7,385 | | | $8,332 |

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an R-1 rating and Canadian grain companies with an R-2 high rating, as rated by a recognized credit rating service, are permissible. Other than the Government of Canada, no single issuer represents more than 13.69% (1998: 10.1%) of the money market portfolio.

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 1999
# (in thousands)

### ii) Bonds

1999

| Years to | Market Value | | | | | | Par |
|---|---|---|---|---|---|---|---|
| Maturity | Federal | Provincial | Real Return | Municipal | Corporate | Total | Value |
| 1 - 5 | $ 14,226 | $ 2,842 | $ - | $ - | $ 5,459 | $ 22,527 | $ 22,625 |
| 6 - 10 | 11,347 | 5,048 | - | 502 | 4,150 | 21,047 | 21,348 |
| 11 - 30 | 10,721 | 3,116 | 326 | - | 1,818 | 15,981 | 17,988 |
| | $ 36,294 | $ 11,006 | $ 326 | $ 502 | $ 11,427 | $ 59,555 | $ 61,961 |

1998

| Years to | Market Value | | | | | | Par |
|---|---|---|---|---|---|---|---|
| Maturity | Federal | Provincial | Real Return | Municipal | Corporate | Total | Value |
| 1 - 5 | $ 19,507 | $ 2,561 | $ - | $ - | $ 6,233 | $ 28,301 | $ 27,175 |
| 6 - 10 | 6,034 | 2,982 | - | 501 | 3,256 | 12,773 | 11,806 |
| 11 - 30 | 8,927 | 5,519 | - | - | 1,637 | 16,083 | 13,878 |
| | $ 34,468 | $ 11,062 | $ - | $ 501 | $ 11,126 | $ 57,157 | $ 52,859 |

Bonds must meet a minimum quality standard of BBB or equivalent, as rated by a recognized credit rating service. No more than 10% of the book value of the total bond portfolio may be held in BBB issues. Other than the Government of Canada, no single issuer represents more than 9.1% (1998: 10.3%) of the overall bond portfolio. All of the bonds are fixed rate bonds with effective interest rates ranging between 3.7 and 10.5% (1998: 4.9 and 10.7%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### iii) Equities at Market Value

1999

| Type | Common Shares | Trust Units | Private Equity | Pooled Funds | Total |
|---|---|---|---|---|---|
| Canadian | $ 38,842 | $ 123 | $ - | $ - | $ 38,965 |
| United States | 10,712 | - | - | - | 10,712 |
| Global | - | - | - | 15,959 | 15,959 |
| | $ 49,554 | $ 123 | $ - | $ 15,959 | $ 65,636 |

# Saskatchewan Pension Plan
# Notes to the Financial Statements
# December 31, 1999
# (in thousands)

**1998**

| Type | Common Shares | Trust Units | Private Equity | Pooled Funds | Total |
|---|---|---|---|---|---|
| Canadian | $ 35,089 | $ 131 | $ 19 | $ - | $ 35,239 |
| United States | 12,211 | - | - | - | 12,211 |
| Global | - | - | - | 13,295 | 13,295 |
| | $ 47,300 | $ 131 | $ 19 | $ 13,295 | $ 60,745 |

No one holding represents more than 10% of the market value of the equity portfolio or more than 10% of the capital stock of the issuer.

### b. Annuity Fund

#### i) Money Market

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Average Term (in days) | Effective Interest Rate (percent) | Cost and Market Value | Average Term (in days) | Effective Interest Rate (percent) | Cost and Market Value |
| Treasury Bills | 27 | 4.7 | $1,986 | 7 | 4.5 | $1,227 |

Money market investments are defined as securities purchased with a maturity of one year or less. Only securities with an R-1 rating are permissible. At December 31, 1999 and 1998 only Government of Canada instruments are held in the money market portfolio.

#### ii) Bonds

**1999**

| Years to | Cost Value | | | | | Total | Par |
|---|---|---|---|---|---|---|---|
| Maturity | Federal | Provincial | Municipal | Corporate | Total | Market | Value |
| 1 - 5 | $ 3,204 | $ 1,069 | $ - | $ 804 | $ 5,077 | $ 5,152 | $ 5,412 |
| 6 - 10 | 1,537 | 4,289 | - | - | 5,826 | 5,951 | 7,285 |
| 11 - 30 | 11,836 | 18,502 | - | 1,678 | 32,016 | 38,972 | 35,287 |
| | $ 16,577 | $ 23,860 | $ - | $ 2,482 | $ 42,919 | $ 50,075 | $ 47,984 |

# Saskatchewan Pension Plan
## Notes to the Financial Statements
## December 31, 1999
### (in thousands)

**1998**

| Years to | Cost Value | | | | | Total | Par |
|---|---|---|---|---|---|---|---|
| Maturity | Federal | Provincial | Municipal | Corporate | Total | Market | Value |
| 0 - 1 | $ - | $ 499 | $ 250 | $ - | $ 749 | $ 892 | $ 875 |
| 1 - 5 | 1,109 | - | - | 259 | 1,368 | 1,502 | 1,550 |
| 6 - 10 | 1,285 | 2,363 | - | 544 | 4,192 | 4,901 | 5,512 |
| 11 - 30 | 13,741 | 16,438 | - | 2,878 | 33,057 | 45,336 | 36,381 |
| | $ 16,135 | $ 19,300 | $ 250 | $ 3,681 | $ 39,366 | $ 52,631 | $ 44,318 |

Government bonds must meet a minimum quality standard of BBB or equivalent as rated by a recognized credit rating service. No more than 15% of the par value of the total bond portfolio may be held in BBB issues. Corporate bonds must meet a minimum quality standard of A. Other than the Government of Canada, no single issuer represents more than 16.2% (1998: 12.7%) of the overall bond portfolio. All of the bonds are fixed rate bonds with yields to maturity ranging between 5.1 and 11.4% (1998: 3.8 and 11.4%). Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### 4. Actuarial Valuation of Pension Liability

An actuarial valuation was performed on the Plan as at December 31, 1999 by Aon Consulting Inc. The valuation considered the obligations to retired members.

The valuation method used to calculate the basic pension liability to retired members was the single premium actuarial cost method. An interest rate assumption of 9.20% per annum for 15 years from the date of retirement and 6% per annum thereafter was used to compute the liability for retirements prior to December 31, 1991. For retirements since December 31, 1991, the annuity rate in place when members retired, ranging between 4.0% and 8.5%, for the first 15 years from the date of retirement and 6% thereafter was used to determine the liability.

The results of this valuation are summarized below:

| | 1999 | 1998 |
|---|---|---|
| Net Assets Available | $45,483 | $41,066 |
| Basic Pension Liability | 44,880 | 40,755 |
| Surplus | $ 603 | $ 311 |

Pension annuities are issued based on the prevailing interest rates at the dates of retirement of the annuitants. The duration of the investments purchased are matched with the duration of the liabilites. As such, the risk to the Plan relates to:

(i) any differences, which may be material, between the estimated and actual life expectancy of the annuitant group which may cause the Plan to have insufficient funds to meet the liability or more funds than required; and

(ii) reinvestment of assets at maturity at rates greater than or less than rates used in determining the annuities.

To manage this risk, the Plan uses investment managers and actuaries to assist in determining the investment strategy. Further, subsection 7(3.1) of the Act requires any amount by which the liability of the Annuity Fund exceeds the assets of the Annuity Fund to be a charge on and payable from the General Revenue Fund of the Province of Saskatchewan. At December 31, 1999 and 1998, the Annuity fund was in a surplus position.

## Saskatchewan Pension Plan
## Notes to the Financial Statements
## December 31, 1999
## (in thousands)

The principal components of the change in the basic pension liability are summarized below:

| | 1999 | 1998 |
|---|---|---|
| Liability, beginning of year | $40,755 | $36,949 |
| Interest on liabilities | 2,857 | 2,712 |
| Increase in liability due to new annuities | 5,522 | 4,692 |
| Benefits paid | (4,224) | (3,973) |
| Mortality experience | (30) | 46 |
| Refinement to methods | - | 329 |
| Liability, end of year | $44,880 | $40,755 |

### 5. Earnings Allocation to Members

Investment income and changes in market value of investments are allocated annually to members in the Contribution Fund. The change in market value of investments is allocated over a four year period on a straight line basis.

The maximum gain or loss deferred to future years is 5% of the total market value of investments at December 31 of each year. At December 31, 1999 the gain deferred to future years was $5,992 (1998 - $6,317).

### 6. Related Party Transactions

In 1988, the Plan entered into an investment management agreement with Greystone Capital Management Inc. (GCMI). The Plan was a shareholder of GCMI along with several other Government of Saskatchewan public sector plans, other Government of Saskatchewan agencies and an unrelated private sector pension plan. In 1998, the Plan held 1.7% of the common shares outstanding of GCMI. Effective June 21, 1999 the Plan disposed of its shares in GCMI. Prior to the Plan's disposition of it's shares in GCMI, GCMI managed, for a fee 64% (1998: 63%) of the Plan's investments, including the Greystone Non North American and Emerging Market Equity Funds whose managment had been delegated by GCMI to Vontobel USA, Inc. Included in dividend income for the year is $805 (1998: $179).

The Plan also conducts a portion of its transactions with Saskatchewan Crown-controlled Agencies, departments and corporations. These transactions are at the prevailing market rates and are settled on normal trade terms. The Plan incurred operating expenses of approximately $187 (1998: $202) with these related parties.

The Plan has $2,649 par value (1998: $5,208) invested in Province of Saskatchewan bonds with varying maturity dates and interest rates. Interest on these bonds was approximately $324 (1998: $437).

### 7. Lease Commitment

The Plan is committed to an operating lease for office space to September 30, 2001 with minimum annual lease payments of $54.

### 8. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the statement of net assets available for benefits of The Saskatchewan Research Council Employees' Pension Plan as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 1999 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
March 1, 2000

Wayne Strelioff, CA
Provincial Auditor

**Statement 1**

## THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
### As At December 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Investments: | | |
| Balanced Mutual Fund | $23,828,725 | $22,113,489 |
| Cash | 40 | 17 |
| | $23,828,765 | $22,113,506 |
| **LIABILITIES** | | |
| Accounts payable | 3,967 | 8,515 |
| Net assets available for benefits (Statement 2) | $23,824,798 | $22,104,991 |

(See accompanying notes to the financial statements)

**Statement 2**

## THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
### Year Ended December 31

| | 1999 | 1998 |
|---|---|---|
| Increase in assets: | | |
| Increase in net asset value of investments and cash | $2,211,782 | $1,614,661 |
| Contributions - employer | 478,827 | 461,263 |
| Total increase in assets | 2,690,609 | 2,075,924 |
| Decrease in assets: | | |
| Refund upon termination and retirement benefits - Defined Contribution Plan | 106,064 | 2,074,351 |
| Retirement benefits - Defined Benefit Plan | 312,889 | 317,055 |
| Contribution holiday - employer | 478,827 | 461,263 |
| Administration | 73,022 | 50,576 |
| Total decrease in assets | 970,802 | 2,903,245 |
| Increase (decrease) in net assets | 1,719,807 | (827,321) |
| Net assets available for benefits, beginning of year | 22,104,991 | 22,932,312 |
| Net assets available for benefits, end of year - to Statement 1 | $23,824,798 | $22,104,991 |

(See accompanying notes to the financial statements)

# THE SASKATCHEWAN RESEARCH COUNCIL EMPLOYEES' PENSION PLAN
## NOTES TO THE FINANCIAL STATEMENTS
## December 31, 1999

## 1. Description of the Plan

The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan Agreement. The Plan is administered by the Saskatchewan Research Council (Council). The Pension Plan Advisory Committee (PAC) promotes awareness and understanding of the Plan, periodically reviews the results of the Plan, and advises the Council and Plan Members with respect to matters of concern to the Members. The PAC is comprised of a maximum of five members, of which one is from the Council's senior management and two to four are appointed by the Council from the list of Plan Members.

### (a) General

The Saskatchewan Research Council Employees' Pension Plan was established May 1, 1974 for the purpose of providing retirement income to the Council's employees. Up to and including December 31, 1990, the Plan provided the greater of a defined benefit or a defined contribution entitlement for Members of the Plan. Effective January 1, 1991, the Plan was amended and restated to provide solely a defined contribution benefit to Members. The changes do not affect existing pensioners who will continue to receive benefits as granted.

### (b) Funding Policy

The employer contributes 4.875% of the Member's Earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 7.5% of the Member's Earnings above the YMPE, as defined under the Canada Pension Plan, on a monthly basis.

### (c) Retirement

Upon retirement, a transfer is available based on the Member's accumulated balance to another pension plan, a Locked-In Retirement Account Contract, a Life Income Fund Contract, a Locked-In Retirement Income Fund Contract or to purchase a deferred life annuity contract.

### (d) Termination Refunds

Upon application and subject to lock-in provisions, termination refunds are payable when a member ceases to be employed by the Council.

## 1. Description of the Plan (continued)

### (e) Defined Benefit Pensioners

Pensioners receive benefit increases effective April 1st of each year based on CPI increases to the extent investment earnings exceed 6% in the previous calendar year. The last increase was effective April 1, 1999.

## 2. Summary of Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following principles are considered to be significant:

### Basis of Accounting

These financial statements are prepared using the accrual basis of accounting.

### Investments

The investment is comprised of units in a balanced mutual fund managed by a professional investment manager. The balanced mutual fund has no fixed interest rate, and its returns are based on the performance of the fund.

Additional units are acquired when distributions are made by the funds. Cash dividends are not paid by the funds; however, investors can realize changes in the underlying unit values by redeeming units.

Units in the mutual funds are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the particular fund's portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year end is shown as an increase or decrease in net assets available for benefits.

## 3. Net Assets Available for Benefits and Pension Obligations

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. The strategy employed to achieve these objectives is to invest cash flows from contributions into assets such as pooled funds.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

Credit risk arises from the potential for an issuer to default on its contractual obligations to the Plan. The Plan limits credit risk by dealing with issuers that are considered to be high quality.

## 3. Net Assets Available for Benefits and Pension Obligations (continued)

The pension obligation is long term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling pension obligations. Therefore, determination of the fair value of the pension liability is not possible.

| | 1999 | 1998 |
|---|---|---|
| Net assets available for benefits (Statement 1) | $23,824,798 | $22,104,991 |
| Less: Defined contribution balances | 19,928,220 | 17,716,423 |
| Defined benefit obligation | 3,304,000 | 2,814,000 |
| Surplus | $592,578 | $1,574,568 |

The present value of the defined benefit obligation was determined using the projected benefit method prorated on service and the administrator's best estimate assumptions. KPMG Consulting LP (formerly KPMG Actuarial, Benefits & Compensation Inc.) performed an actuarial valuation as of January 1, 2000. For the January 1, 2000 valuation the UP94 mortality table, projected to 2014 (i.e. projection for 20 years), was used. In the prior year, the valuation was completed using the GAM83 mortality table. The change was made to the UP94 table because it has been updated for changes in the mortality rate. This resulted in the change in assumptions adjustment to the defined benefit liability, as detailed in the below table. The actuarial present value of accrued benefits as at January 1, 2000 and the principal component of changes in the actuarial present values during the year for pensioners who retired before 1991 are as follows:

| | 1999 | 1998 |
|---|---|---|
| Beginning of year | $2,814,000 | $2,883,000 |
| Interest on accrued benefits | 169,000 | 173,000 |
| Benefits paid | (313,000) | (317,000) |
| Adjustment for miscellaneous gains/losses | (79,000) | 55,000 |
| Change in assumptions | 137,000 | - |
| Adjustments (Note 1 (e)) | 53,000 | 20,000 |
| Pending special ad hoc increase | 523,000 | - |
| End of year | $3,304,000 | $2,814,000 |

The liability for the pending special ad-hoc increases represents the additional liability with respect to Amendment No. 3. The additional pensions represented by this liability will commence, retroactive to April 1, 1999, once approval of the Amendment has been received from the Canada Customs and Revenue Agency (CCRA). The Council has already received approval from the Saskatchewan Superintendent of Pensions and expects that the CCRA will approve the Amendment.

## 3. Net Assets Available for Benefits and Pension Obligations (continued)

Investment earnings in excess of 6% will be applied to provide increases to all defined benefit pensioners in receipt of benefits, which are paid from the pension fund. Therefore, the significant long-term assumption used in determining the actuarial value of accrued pension benefits was:

Interest rate 6%

Upon termination of the Plan, any balance of the Pension Fund remaining, after discharging all liabilities, shall belong to the Council. The balance may be distributed in a manner to be determined by the Council, at its sole discretion, after receiving prior approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act (Canada)* and the regulations thereunder.

## 4. Employer Contribution Holiday

Revenue Canada in its monitoring of the Income Tax Act allows a maximum surplus of two times employer's annual contribution. SRC, on the advice of its actuary, and in consultation with the Saskatchewan Superintendent of Pensions took an employer contribution holiday from May, 1997 to December 31, 1999. This had the effect of transferring money in a surplus account for the defined benefit plan over to the defined contribution portion of the plan. The contribution holiday was ceased effective December 31, 1999, in accordance with the application to the Saskatchewan Superintendent of Pensions.

## 5. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the PAC. The PAC reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 5 year rolling periods. The primary long-term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

## 6. Related Party Transactions

The Saskatchewan Research Council provides general administrative services without charge.

## 7. Administration

The administration costs shown on Statement 2 are paid out of the surplus as provided for in the Plan text:

| | 1999 | 1998 |
|---|---|---|
| Canada Trust | $36,185 | $42,017 |
| Other Payees | 36,837 | 8,559 |
| Total Administrative Expenses | $73,022 | $50,576 |

## 8. Year 2000 (Y2K)

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to third parties, have been fully resolved.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of net assets available for benefits of the Teachers' Superannuation Plan as at June 30, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 1999 and the changes in the net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
November 16, 1999

Wayne Strelioff, CA
Provincial Auditor

## Statement 1
## Teachers' Superannuation Plan
## Statement of Net Assets Available for Benefits, As at June 30

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Superannuation Fund ($000) | Voluntary Contributions Fund ($000) | Total ($000) | Superannuation Fund ($000) | Voluntary Contributions Fund ($000) | Total ($000) |
| **ASSETS** | | | | | | |
| Due from General Revenue Fund (Note 9) | $ -- | $ 17 | $ 17 | $ 197 | $ 71 | $ 268 |
| Accrued investment income | 8,395 | 2 | 8,397 | 11,424 | 2 | 11,426 |
| Investments (Note 3): | | | | | | |
| Bonds and debentures | 859,268 | -- | 859,268 | 832,998 | -- | 832,998 |
| Short term | 15,823 | 356 | 16,179 | 44,634 | 287 | 44,921 |
| Equities | 742,780 | -- | 742,780 | 748,875 | -- | 748,875 |
| Pooled Funds | 112,693 | 2,445 | 115,138 | 92,681 | 2,320 | 95,001 |
| Mortgages | 6,259 | -- | 6,259 | 6,867 | -- | 6,867 |
| Real estate | 51,359 | -- | 51,359 | 48,139 | -- | 48,139 |
| | 1,796,577 | 2,820 | 1,799,397 | 1,785,815 | 2,680 | 1,788,495 |
| Contributions receivable: | | | | | | |
| - Teachers' | 1,720 | -- | 1,720 | 1,848 | -- | 1,848 |
| - Government | 3,807 | -- | 3,807 | -- | -- | -- |
| | 5,527 | -- | 5,527 | 1,848 | -- | 1,848 |
| Total assets | $ 1,802,104 | $ 2,820 | $ 1,804,924 | $ 1,787,663 | $ 2,680 | $ 1,790,343 |
| **LIABILITIES** | | | | | | |
| Bank Overdraft | $ 65 | $ – | $ 65 | $ -- | $ -- | $ -- |
| Accounts payable | 798 | 4 | 802 | 4,719 | -- | 4,719 |
| Total liabilities | $ 863 | $ 4 | $ 867 | $ 4,719 | $ -- | $ 4,719 |
| Net assets available for benefits | $ 1,801,241 | $ 2,816 | $ 1,804,057 | $ 1,782,944 | $ 2,680 | $ 1,785,624 |

(See accompanying notes to the financial statements)

## Statement 2
## Teachers' Superannuation Plan
## Statement of Changes in Net Assets Available for Benefits
## For the Year Ended June 30

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Superannuation Fund ($000) | Voluntary Contributions Fund ($000) | Total ($000) | Superannuation Fund ($000) | Voluntary Contributions Fund ($000) | Total ($000) |
| **INCREASE IN ASSETS:** | | | | | | |
| Investment income: | | | | | | |
| Interest | $ 55,731 | $ 137 | $ 55,868 | $ 56,263 | $ 229 | $ 56,492 |
| Dividends | 12,575 | -- | 12,575 | 14,747 | -- | 14,747 |
| | 68,306 | 137 | 68,443 | 71,010 | 229 | 71,239 |
| Current period change in market values of investments | 22,751 | (53) | 22,698 | 229,986 | 163 | 230,149 |
| Contributions: | | | | | | |
| - General Revenue Fund Matching Contributions | 20,304 | -- | 20,304 | 20,794 | -- | 20,794 |
| - General Revenue Fund Other Contributions | 67,282 | -- | 67,282 | 74,422 | -- | 74,422 |
| - Teachers' | 20,180 | 129 | 20,309 | 20,992 | 235 | 21,227 |
| Other transfers and contributions | 3,048 | --- | 3,048 | 3,716 | --- | 3,716 |
| | 110,814 | 129 | 110,943 | 119,924 | 235 | 120,159 |
| Total increase in assets | 201,871 | 213 | 202,084 | 420,920 | 627 | 421,547 |
| **DECREASE IN ASSETS:** | | | | | | |
| Marriage breakdown payments | $ 875 | $ --- | $ 875 | $ 1,883 | $ --- | $ 1,883 |
| Allowance to superannuates | 174,489 | --- | 174,489 | 166,943 | --- | 166,943 |
| Refunds and transfers | 6,273 | 65 | 6,338 | 5,243 | 198 | 5,441 |
| Investment expenses (Note 6) | 1,937 | 12 | 1,949 | 1,842 | 4 | 1,846 |
| Total decrease in assets | 183,574 | 77 | 183,651 | 175,911 | 202 | 176,113 |
| Increase in net assets | 18,297 | 136 | 18,433 | 245,009 | 425 | 245,434 |
| Net assets available for benefits, beginning of year | 1,782,944 | 2,680 | 1,785,624 | 1,537,935 | 2,255 | 1,540,190 |
| Net assets available for benefits, end of year | $ 1,801,241 | $ 2,816 | $ 1,804,057 | $ 1,782,944 | $ 2,680 | $ 1,785,624 |

(See accompanying notes to the financial statements)

## Teachers' Superannuation Plan
## Notes to the Financial Statements
## For The Year Ended June 30, 1999

### 1. Status of the Commission

The Teachers' Superannuation Commission administers a pension plan, the Teachers' Superannuation Plan consisting of the Teachers' Superannuation Fund and the Voluntary Contributions Fund. The Teachers' Superannuation Fund is used to account for the net assets accumulated for a defined benefit final average pension plan for teachers who commenced service prior to July 1, 1980.

### Description of Plan

The following description is a summary only. For more complete information, reference should be made to *The Teachers Superannuation and Disability Benefits Act*.

### Teachers' Superannuation Fund

#### a) Funding Policy

Members are required to contribute 6.05% of their salary subject to Canada Pension Plan contributions, and 7.85% on the remainder of their salary. The General Revenue Fund through the Department of Education appropriation pays into the Teachers' Superannuation Fund (Fund) an amount equal to the amount contributed by members and other contributions. Other contributions are pursuant to subsection 9(4) of *The Teachers Superannuation and Disability Benefits Act* and are the amount by which the allowances, transfers and refunds that are paid out of the Teachers' Superannuation Fund in that fiscal year exceed the credited contributions of members with respect to whom an allowance commences or a refund or transfer is made in that fiscal year. These amounts do not include disability benefit payments.

#### b) Age and Service Allowance

The annual amount of pension is determined as follows:

- 2% of the five highest years salary times years of service (maximum 35 years)
- reduced at age 65 for Canada Pension Plan integration
- increased each January 1 by 80% of the increase in the Consumer Price Index

#### c) Interest Credited to Contributions

As of July 1, 1994, the interest credited to contributions is an annual rate determined by the Commission to be the annual rate of return earned from the investments of the Fund in a fiscal year, compounded annually. See Note 4 for determination of investment earnings.

#### d) Death Benefits

If a superannuate dies, the spouse receives 60% of the allowance plus a further 10% for each dependent child to a maximum of 25%. If there is no spouse or dependent children, the nominee or estate receives a lump sum payment of the difference, if any, between the teachers' contributions and interest at retirement and the total pension paid to date.

#### e) Refunds

Refunds to teachers typically consist of the teacher's contributions and interest on those contributions.

### Voluntary Contributions Fund

The Teachers' Superannuation Commission administers the Voluntary Contributions Fund (Fund). The Fund is continued under *The Teachers Superannuation and Disability Benefits Act*. The Fund allows teachers to make contributions into the Fund, according to the limits set out in *The Income Tax Act*.

The Fund is credited with all voluntary contributions, any interest earned and any other revenue accrued from the investment of monies in the Fund. This amount is reduced by amounts paid out of the Fund at the time the teacher makes an application for a refund. If eligible, the accumulated contributions and interest earned are paid to the teacher, the teacher's nominee or to the teacher's estate.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

### a) Basis of Accounting

These financial statements are prepared on the accrual basis of accounting.

### b) Investments

Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

Pooled funds are valued based on the quoted market price of the underlying investment; normally the current bid price.

Short-term investments are valued at cost which approximates market value.

Mortgages are recorded at fair value. Fair value is determined by discounting the present value of all income streams accruing to the mortgage. The discount rate applied to these income streams reflect the current market rate for comparable mortgages of a comparable term.

Real estate is recorded at fair value as estimated by independent appraisals.

The fair value of the investments approximates the market value.

## 3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures and investment returns into assets such as Canadian and foreign equities, pooled funds, money market securities, bonds and real estate.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

## Teachers' Superannuation Fund

The Plan's investment policy allows no one holding to represent more than 10% of the fair value of the portfolio.

### Short-term Investments

These investments are comprised of T- Bills, notes and commercial paper with effective interest rates of 4.61% to 5.04% (1998 - 4.60% to 4.98%) and a weighted average term to maturity of 101 days (1998 - 27 days). Interest is receivable at maturity.

### Bonds and Debentures

The Plan's investment policy limits its investment concentration in any one investee or related group to no more than 10% of that corporations book value of outstanding bonds. Bonds must meet a minimum quality standard of BBB rating as measured by a recognized credit rating service or be specifically approved by the Commission.

The Plan invests in bonds that are considered to be high quality as described below.

| | | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|---|
| | Years to Maturity | Market Value (000's) | Weighted Average Yield (%) | Weighted Average Coupon Rate (%) | Market Value (000's) | Weighted Average Yield (%) | Weighted Average Coupon Rate (%) |
| Federal Bonds | | | | | | | |
| Government of Canada | 1-5 | $ 149,499 | 5.27 | 5.07 | $ 159,581 | 5.13 | 8.00 |
| | 6-10 | 165,500 | 5.46 | 5.77 | 109,158 | 5.35 | 6.21 |
| | 16-20 | -- | -- | -- | 4,437 | 5.59 | -- |
| | 20+ | 236,684 | 5.51 | 5.71 | 124,670 | 5.51 | 8.00 |
| Provincial and Provincially Guaranteed Bonds | | | | | | | |
| Other Provinces | 1-5 | 61,851 | 5.60 | 7.45 | 93,504 | 4.71 | 6.76 |
| | 6-10 | 55,141 | 5.76 | 7.15 | 39,307 | 5.56 | 6.40 |
| | 16-20 | 12,185 | 5.98 | 6.00 | 12,562 | 5.71 | 6.00 |
| | 20+ | 39,848 | 6.13 | 6.74 | 53,682 | 5.42 | 6.55 |
| Saskatchewan | 1-5 | -- | -- | -- | 1,060 | 5.50 | 12.00 |
| | 6-10 | 11,509 | 5.79 | 5.50 | 6,928 | 5.51 | 5.50 |
| | 16-20 | -- | -- | -- | 13,822 | 5.68 | 10.25 |
| Municipal | 1-5 | 31 | 5.54 | 8.13 | 39 | 5.56 | 8.13 |
| Corporate Bonds | 1-5 | 58,248 | 5.88 | 5.64 | 93,607 | 5.61 | 5.98 |
| | 6-10 | 61,967 | 6.04 | 5.07 | 103,437 | 5.99 | 6.73 |
| | 11-15 | -- | -- | -- | 7,879 | 5.86 | 10.80 |
| | 20+ | 6,805 | 6.96 | 7.09 | 9,325 | 5.83 | 6.78 |
| Total | | $ 859,268 | | | $ 832,998 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

| Equities | 1999 | 1998 |
|---|---|---|
| | (market values) (000's) | |
| Common shares - Canadian | $ 559,472 | $ 555,811 |
| - Foreign | 183,215 | 191,941 |
| Private Equity | 93 | 1,123 |
| | $ 742,780 | $ 748,875 |

No one holding is to represent more than 10% of the outstanding shares of the issuing corporation. Foreign equities and pooled funds are denominated in Canadian dollars and are limited to 20% of the market value of the portfolio. The Fund's equities include common shares that have no fixed maturity date and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The average effective rate is 1.69%.

### Pooled Funds

The Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager. These holdings are in the Greystone Emerging Market Fund, and the Greystone Non North American Fund (see Note 6).

### Mortgages

Investment in mortgages consist of Canadian properties. The net yield at the time of commitment is expected to exceed the yield on "A" rated bonds of similar terms by a minimum of 1.5% after administration fees. Principal and interest are received on a monthly basis.

### Real Estate

Investments in real estate consist of Canadian property and are subject to approval by the Commission before each acquisition. Included in real estate are investments in related real estate corporations (see Note 6).

## Voluntary Contributions Fund

### Pooled Funds

The Fund holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager. These holdings are in the Greystone Canadian Fixed Income Fund, Greystone Canadian Equity Fund, Greystone Capital Non North American Fund, and the Greystone US Equities Pooled Fund (see Note 6).

## 4. Teachers' Superannuation Fund - Determination of Investment Earnings for Administrative Purposes

A determination of investment earnings of the Plan is necessary in order to determine what interest is to be credited to teachers, and to be paid when past service is being purchased. The Commission has determined that only 25% of the current period change in market values of investments (includes both realized and unrealized gains and losses) will be recognized as part of investment earnings. The remaining 75% will be recognized equally over the following three years as part of investment earnings. Interest and dividends less investment expenses are fully allocated for the current year.

## 5. Voluntary Contributions Fund - Earnings Allocation to Members

The Commission allocates all realized and unrealized gains/losses at year-end. Investment earnings of $72,110 were allocated to teacher accounts at June 30, 1999.

## 6. Related Party Transactions

### a) Administration

In accordance with *The Teachers Superannuation and Disability Benefits Act* (Act), all expenses of the administration of the Act are paid out of monies appropriated from the General Revenue Fund to the Department of Education by the Legislature. Accordingly, no provision for these costs is included in these financial statements.

Expenses related to managing, investing or disposing of assets of the Teachers' Superannuation Fund and the Voluntary Contributions Fund are to be paid out of both Funds. The annual expenses for custodial fees and investment management fees are paid to Royal Trust and Greystone Capital Management Inc. respectively.

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | Superannuation Fund | Voluntary Contributions Fund | Total | Superannuation Fund | Voluntary Contributions Fund | Total |
| | ($000) | ($000) | ($000) | ($000) | ($000) | ($000) |
| Custodial fees | $ 283 | $ 9 | $ 292 | $ 151 | $ 3 | $ 154 |
| Investment fees | 1,654 | 3 | 1,657 | 1,691 | 1 | 1,692 |
| | $ 1,937 | $ 12 | $ 1,949 | $ 1,842 | $ 4 | $ 1,846 |

### b) Investment Management Services

Greystone Capital Management Inc. (GCMI) provides investment management services to the Teachers' Superannuation Fund (Fund) and the Voluntary Contributions Fund on a fee-for-service basis. The Fund is a shareholder in GCMI along with several other Government of Saskatchewan public sector pension plans and other Government of Saskatchewan agencies. Prior to June 24, 1999, government pension plans and government agencies held 87.5% of the common shares of GCMI. Commencing June 24, 1999, this was reduced to 25.47% (See Note 15).

The Fund holds 223,811 common shares (1998 – 226,173 Class B shares, 1,200 Class A shares), 16.1% of the total shares outstanding in GCMI (1998 – 24.3% of Class B shares, 12.8% of Class A shares).

### c) Investment Holdings

#### Teachers' Superannuation Fund

Included in the totals for bonds and debentures and income are Province of Saskatchewan holdings of $11,508,610 (1998- $21,809,892) and income including change in market value totalling $8,995,676 (1998 - $3,027,555).

Included in the totals for real estate and income are SaskPen Properties Ltd., SP Two Properties Ltd. and SaskMet Properties Ltd. holdings totalling $4,459,569 (1998 - $5,027,315) and income including change in market value totalling $266,443 (1998 - income totalling $663,578). These are real estate corporations owned by Government of Saskatchewan managed public sector pension plans.

The unit holders of the following funds include several Government of Saskatchewan public sector pension plans and other Government of Saskatchewan agencies.

The Teachers' Fund unit holdings are:

| | Units Held | | % of Total Units Outstanding | | Market Value | | Investment Income and Change in Market Value | |
|---|---|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | | | | | ($000's) | | ($000's) | |
| Greystone Emerging Market Fund | 1,972 | 1,799 | 21.12 | 17.74 | $18,143 | $15,626 | $1,471 | $(4,414) |
| Greystone Non North American Fund | 6,617 | 5,518 | 13.75 | 13.29 | 94,550 | 77,055 | 3,044 | 14,056 |

**Voluntary Contributions Fund**

| | Units Held | | % of Total Units Outstanding | | Market Value | | Investment Income and Change in Market Value | |
|---|---|---|---|---|---|---|---|---|
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| | | | | | ($000's) | | ($000's) | |
| Greystone Canadian Fixed Income Fund | 149 | 131 | 3.18 | 4.84 | $1,430 | $1,302 | $44 | $128 |
| Greystone Canadian Equity Fund | 49 | 46 | 3.92 | 4.75 | 708 | 694 | (121) | 160 |
| Greystone Capital Non North American Fund | 11 | -- | 0.02 | -- | 162 | -- | 24 | -- |
| Greystone US Equities Pooled Fund | 10 | -- | 2.55 | -- | 145 | -- | 48 | -- |
| Greystone Capital Managed Global Fund | -- | 20 | -- | 0.63 | -- | 324 | -- | 93 |

Other transactions with related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

## 7. Actuarial Valuation - Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on services and the best estimate assumptions of the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Superannuation Plan was prepared by William M. Mercer Limited as at June 30, 1997 and an extrapolation was made to June 30, 1998 and June 30, 1999.

The actuarial present value of benefits as at June 30 and the principle components of change in actuarial present values during the year were as follows:

| | 1999 | 1998 |
|---|---|---|
| | (000's) | (000's) |
| Actuarial present value of accrued pension benefits, beginning of year | $ 3,546,000 | $ 3,386,000 |
| Interest accrued on benefits | 264,000 | 256,000 |
| Benefits accrued | 40,000 | 54,000 |
| Benefits paid | (188,000) | (180,000) |
| Experience losses | - - | 49,000 |
| Change in valuation assumptions | (23,000) | (19,000) |
| Actuarial present value of accrued pension benefits, end of year | 3,639,000 | 3,546,000 |
| Actuarial value of net assets available for benefits | (1,845,000) | (1,693,000) |
| Unfunded liability | $ 1,794,000 | $ 1,853,000 |

The pension liability is based on a number of assumptions about future events including interest, rate of salary increase, inflation, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued pension benefits were:

- inflation at 2.0% for 1999, 2000 and 2001, and 3.25% thereafter.
- salary increases at 2.0% for 1999 and 2000, 2.5% for 2001, and 3.75% thereafter.
- interest rate at 7.0% for 1999, 2000 and 2001 and 7.25% thereafter.

The long-term assumption for inflation and the interest rate decreased 0.25% from the previous year's assumptions. The long-term assumption for salary increases declined 0.75% from the previous year's assumption.

The unfunded liability will be funded on an ad hoc basis from the General Revenue Fund.

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.75%, interest 7.25% and inflation 3.25%.

For the salary and interest rate categories, the changes in assumption are independent of one another. The inflation category, however, is affected by other assumptions that have an interest component. In the scenario of the 1% reduction in inflation, the assumptions for the interest rate, salary increase, YPME and Revenue Canada pension maximum are also reduced by 1%.

| | Long-term Assumptions | | | | | |
|---|---|---|---|---|---|---|
| Effect on Liability | Salary | | Interest Rates | | Inflation | |
| | 2.75% | 4.75% | 6.25% | 8.25% | 2.25% | 4.25% |
| (Decrease) increase (in 000's) | $(37,793) | $53,304 | $452,854 | $(367,462) | $100,322 | $(82,939) |

The pension liability is long-term in nature. The Plan has no intention of settling its pension obligations in the near term and there is no market for settling the pension obligations. Therefore, determination of the fair value for the pension liability is not practical.

The net assets available for benefits were:

| | 1999 ($000's) | 1998 (000's) |
|---|---|---|
| Actuarial value of net assets available for benefits | $ 1,845,000 | $ 1,693,000 |
| Changes in market not recognized in the actuarial value | (43,759) | 89,944 |
| Net assets available for benefits (statement 1) | $ 1,801,241 | $ 1,782,944 |

The actuarial value of net assets is determined using the cost of real estate, mortgages and short-term investments, and the amortized cost of bonds and debentures. Equities and pooled funds are valued at cost multiplied by the average ratio of market value to cost for the current and prior year.

## 8. Investment Performance

The following is a summary of the Plan's investment performance:

| | 1999 | Rolling Four Year Average Annual Return |
|---|---|---|
| Teachers' Superannuation Fund (a) | 5.4% | 15.2% |
| Target Rate of Return (b) | 5.3% | 15.1% |
| | | |
| Voluntary Contributions Fund (a) | 3.0% | 13.4% |
| Target Rate of Return (b) | 4.3% | 12.7% |

(a) The annual returns are before deducting investment expenses.

(b) The Commission's target rate of return for its investment portfolio (return on the benchmark portfolio plus 10%) has been determined, after the fact, using the actual returns of the market indexes outlined above.

## 9. Due From General Revenue Fund

The Teachers' Superannuation Fund and the Voluntary Contributions Fund bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. Under this arrangement, interest is calculated on the net position of all COBC accounts and is paid by the bank into the General Revenue Fund.

The Funds' share of this interest is allocated and paid by the General Revenue Fund on a quarterly basis into the Funds' bank accounts using the Government's thirty-day borrowing rate.

## 10. Disability Benefits

The annual amount of pension is determined by applying the regular allowance formula and is payable to a teacher who:

a) is disabled because of total physical or mental incapacity for teaching; and
b) has 10 years of service; and
c) has at least three years of service in the five years preceding disablement; and
d) has not attained age 65.

Payments may be discontinued or reduced on recovery or re-employment. The allowance is recalculated at age 65 to include service while on the Saskatchewan Teachers' Federation Income Continuance Plan.

Subsection 38(2) of *The Teachers Superannuation and Disability Benefits Act* states the disability benefits are a charge on and payable out of the General Revenue Fund. The $8,019,099 (1998 - $7,309,875) in disability benefits flowed through the Teachers' Superannuation Fund for administrative purposes only and is not reflected in these financial statements. The General Revenue Fund, through the Department of Education appropriation, provided contributions equal to the disability benefits.

## 11. Actuarial Valuation - Disability Benefits

The present value of accrued disability benefits was determined using the projected benefit method pro rated on services and the best estimate assumptions approved by the Teachers' Superannuation Commission. An actuarial valuation of the Teachers' Disability Benefits was prepared by William M. Mercer Limited as at June 30, 1997 and an extrapolation was made to June 30, 1998 and June 30, 1999.

The actuarial present value of benefits as at June 30 and the principle components of change in actuarial present values during the year were as follows:

| | 1999<br>(000's) | 1998<br>(000's) |
|---|---|---|
| Actuarial present value of accrued disability benefits at beginning of year | $ 69,000 | $ 60,000 |
| Interest accrued on benefits | 5,000 | 5,000 |
| Experience losses | -- | 9,000 |
| Benefits accrued | 1,000 | 2,000 |
| Benefits paid | (8,000) | (7,000) |
| Change in valuation assumptions | (1,000) | -- |
| Actuarial present value of accrued disability benefits, end of year | 66,000 | 69,000 |
| Net assets available for benefits | --- | --- |
| Unfunded liability | $ 66,000 | $ 69,000 |

The disability liability is based on a number of assumptions about future events, including interest, rate of salary increase, inflation, mortality, retirement rates and termination rates. The actual rates may vary significantly from the long-term assumptions used.

The assumptions used in determining the actuarial value of accrued disability benefits were the same as for determining the accrued pension benefits (see Note 7).

The following illustrates the effect of changing certain assumptions from the assumed rates of salary 3.75%, interest 7.25% and inflation 3.25%.

| | Long-term Assumptions | | | | | |
|---|---|---|---|---|---|---|
| | Salary | | Interest Rates | | Inflation | |
| Effect on Liability | 2.75% | 4.75% | 6.25% | 8.25% | 2.25% | 4.25% |
| (Decrease) increase (in 000's) | $ (546) | $ 688 | $ 5,098 | $ (4,540) | $ 1,408 | $ (1,245) |

The disability liability is long-term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its disability obligations. Therefore, determination of the fair value for the disability liability is not practical.

## 12. Cash Flow Forecast

The total cash inflow is the amount of contributions and investment income and proceeds from the sale of investments expected to be received by the pension plan. The Minister of Finance (MOF) contributions include matching contributions and additional amounts contributed pursuant to subsection 9(4) of *The Teachers Superannuation and Disability Benefits Act*. The total cash outflow is the amount required to pay all pension obligations. The forecast of cash inflows and outflows have been determined using the long-term assumptions outlined in Note 7. All amounts shown are based on actual dollar forecasts.

The cash required is the amount by which the cash outflows exceed cash inflows and is forecast to the year 2028:

| | Cash Inflows | | | | |
|---|---|---|---|---|---|
| Year | Investments (000's) | Teachers Contributions (000's) | MOF Contributions (000's) | Cash Outflows (000's) | Cash Required/ (Surplus) (000's) |
| 1999-2000 | $ 112,260 | $ 16,756 | $ 94,589 | $ 213,753 | $ (9,852) |
| 2000-2001 | 112,911 | 15,535 | 102,160 | 223,720 | (6,886) |
| 2001-2002 | 110,889 | 14,215 | 79,477 | 236,206 | 31,625 |
| 2002-2003 | 107,347 | 12,990 | 75,198 | 248,743 | 53,208 |
| 2003-2004 | 103,105 | 11,772 | 83,166 | 261,291 | 63,248 |
| Total within 5 years | $ 546,512 | $ 71,268 | $ 434,590 | $ 1,183,713 | $ 131,343 |
| Total 6 - 10 years | $ 403,550 | $ 38,530 | $ 436,906 | $ 1,488,624 | $ 609,638 |
| Total 11 - 30 years | $ 285,202 | $ 11,912 | $ 5,765,633 | $ 6,968,166 | $ 905,419 |

## 13. Receivables/Payables

Accrued investment income, contributions receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term nature, the carrying value of these financial instruments approximates fair value.

## 14. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than that date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of sponsors, suppliers, or other third parties, will be fully resolved.

## 15. Subsequent Event

On August 12, 1999, the government pension plans' and other government agencies' holdings in the common shares of Greystone Capital Management Inc. dropped to 22.81%. At this time, the Teachers' Superannuation Commission's holdings in the common shares of Greystone Capital Management Inc. is 14.45%. Effective August 12, 1999, Greystone Capital Managemnent Inc. is no longer a related party to the Teachers' Superannuation Commission.

## AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan
Province of Saskatchewan

We have audited the statement of net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at December 31, 1999 and the changes in net assets available for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Regina, Canada
March 13, 2000

## WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

**DECEMBER 31, 1999** with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Investments | | |
| Short-term investments | $ 2,051,725 | $ 1,724,636 |
| Bonds and debentures | 13,254,962 | 12,969,864 |
| Equities | 9,087,017 | 8,091,418 |
| Pooled Funds | 4,908,032 | 4,531,559 |
| | 29,301,736 | 27,317,477 |
| Receivables | | |
| Employees' contributions | 172 | 9,414 |
| Accrued investment income | 134,550 | 160,413 |
| Other | 222 | 206 |
| | 134,944 | 170,033 |
| Due from General Revenue Fund (Note 4) | 14,160 | 17,557 |
| Cash | 23,374 | 8,550 |
| Total assets | $29,474,214 | $27,513,617 |
| **LIABILITIES** | | |
| Administration expenses payable | $ 17,837 | $ 17,290 |
| Other payables | - | 77 |
| Total liabilities | 17,837 | 17,367 |
| NET ASSETS AVAILABLE FOR BENEFITS | $29,456,377 | $27,496,250 |

(See accompanying notes to the financial statements)

On behalf of the Board:

Chairman

Board Member

Board Member

## WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**FOR THE YEAR ENDED DECEMBER 31, 1999** with comparative figures for 1998

| | 1999 | 1998 |
|---|---|---|
| **INCREASE IN ASSETS** | | |
| Investment income | | |
| Interest | $ 833,152 | $ 861,457 |
| Dividends - equities | 118,785 | 132,982 |
| Dividends - pooled funds | 291,211 | 663,116 |
| Mortgage interest | - | (663) |
| Other | 1,472 | 1,910 |
| | 1,244,620 | 1,658,802 |
| Current year change in market values of investments | 1,552,007 | 867,264 |
| Contributions | | |
| Employee | 149,584 | 143,619 |
| Total increase in assets | 2,946,211 | 2,669,685 |
| **DECREASE IN ASSETS** | | |
| Administration expenses (Note 8) | 88,790 | 112,230 |
| Refunds and transfers: | | |
| Contributions | 421 | 117,187 |
| Interest | - | 126,726 |
| Superannuation allowances | 896,873 | 870,283 |
| Total decrease in assets | 986,084 | 1,226,426 |
| Increase in net assets available for benefits | 1,960,127 | 1,443,259 |
| NET ASSETS AVAILABLE FOR BENEFITS, beginning of year | 27,496,250 | 26,052,991 |
| NET ASSETS AVAILABLE FOR BENEFITS, end of year | $29,456,377 | $27,496,250 |

(See accompanying notes to the financial statements)

## WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
## NOTES TO THE FINANCIAL STATEMENTS

**DECEMBER 31, 1999**

### 1. Description of the Plan

#### a) General

The Workers' Compensation Board Superannuation Plan (the Plan) was established under *The Workers' Compensation Board Superannuation Act*. Membership is comprised of employees and board members who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978.

#### b) Administration

The Workers' Compensation Superannuation Board administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

#### c) Superannuation Plan

The Plan was established to accumulate contributions paid by employees and the employer, as well as any investment income.

Pensions and refunds of contributions together with interest are paid out of the Plan.

#### d) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of the commencement with the Plan.

The contributions required to be paid by the employer are calculated by applying a predetermined rate to the members contributions.

#### e) Retirement

Normal retirement is at age 65. Members who retire may receive benefit payments earlier under the following conditions:

- at any age after 35 years of service,
- at age 60 with at least 20 years of service,
- at age 60 with between 15 years and 20 years of service with a reduced pension,
- at age 55 with at least 30 years of service with a reduced pension.

#### f) Pension

The annual pension payable to a member is 2% of the average salary received by the member during the five years of highest salary, multiplied by the total number of years of service. The maximum number of years of service is 35 years.

At age 65, the member's pension is reduced, due to integration with the Canada Pension Plan, by an amount equal to 0.7% of the member's average salary up to the average pensionable earnings prescribed by the Canada Pension Plan in the last 3 years before retirement, multiplied by the number of years of service of the member since January 1, 1966.

## 2. Significant Accounting Policies

*Investments*

i) Investments in bonds and equities are recorded at market values which are determined by reference to closing year end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year end bid and ask prices. Transactions in bonds and equities are recorded as of the trade date.

ii) Pooled funds are valued based on the net asset value per unit of the underlying assets on the last valuation date.

iii) Short term investments are recorded at market value.

*Current Year Change in Market Value of Investments*

i) The change in market value reflects the current year's realized and unrealized gains and losses on investments.

## 3. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest cash flows from contributions, maturing debentures, and investment returns into assets such as Canadian equities, pooled funds, money market securities, and bonds.

### a) Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities.

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

### b) Credit Risk

Credit risk arises from the potential for an investee to fail or for an issuer to default on its contractual obligations to the Plan. The Plan limits the credit risk by dealing with issuers that are considered to be high quality. The credit ratings used to describe the securities below are based on the Dominion Bond Rating Service and/or the Canadian Bond Rating Service.

### Short Term Investments

Short term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.7% to 5.5% (1998 - 4.5% to 5.1%) and an average remaining term to maturity of 93 (1998 - 89) days. The Plan's investment policy states that investments must meet a minimum investment standard of "R-1" rating and Canadian grain companies with an "R-2 high", as rated by a recognized credit rating service. Other than Government of Canada no single issuer represents more than 26.7% of the market value (1998 - 31.75%) of the short term investment portfolio.

### Bonds

The Plan's investment policy states that bonds must meet a minimum quality standard of BBB as rated by a recognized credit rating service. No more than 5% of the bond portfolio may be invested in BBB rated bonds. As at December 31, 1999, the Plan held 0.3% (1998 - 2.2%) of its portfolio in BBB bonds.

**1999**

| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
|---|---|---|---|---|---|---|
| **Under 5** | $2,174,632 | $ 594,455 | $ 998,279 | $ 3,767,366 | 5.0-7.6% | 4.9-8.0% |
| **5 - 10** | 1,992,825 | 1,506,789 | 541,354 | 4,040,968 | 5.8-8.0% | 5.5-8.8% |
| **Over 10** | 4,601,959 | 534,897 | 309,772 | 5,446,628 | 3.7-7.4% | 4.3-8.0% |
| **Market Value** | $8,769,416 | $2,636,141 | $1,849,405 | $13,254,962 | | |

**1998**

| Years to Maturity | Federal | Provincial | Corporate | Total Market Value | Yield to Maturity at Market | Coupon Rate |
|---|---|---|---|---|---|---|
| **Under 5** | $3,131,926 | $ 707,430 | $1,030,073 | $ 4,869,429 | 4.9-7.4% | 4.9-8.0% |
| **5 - 10** | 3,262,119 | 1,419,015 | 881,750 | 5,562,884 | 5.4-7.3% | 5.5-7.5% |
| **Over 10** | 1,624,808 | 580,792 | 331,951 | 2,537,551 | 5.3-6.6% | 5.5-7.9% |
| **Market Value** | $8,018,853 | $2,707,237 | $2,243,774 | $12,969,864 | | |

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

### Equities

Equities have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis. The average effective dividend rate is 1.38%.

The Plan's investment policy allows no one holding to represent more than 10% of the market value of the related portfolio and no one holding to represent more than 10% of the common stock in any corporation.

### Pooled Funds

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 20% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan owns units in pooled equity funds which have no fixed interest rate and whose return is based on the success of the fund manager. The Plan's pooled funds are comprised of the Greystone Managed Investments Ltd. U.S. Equity Fund and Greystone Managed Investments Limited Non-North American Fund.

## 4. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 1999 was 4.78%.

## 5. Employer Contributions

The Workers' Compensation Board declared a holiday on employer contributions as the Plan has an actuarial surplus (see Note 6).

## 6. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the accrued benefit method with salary projections prorated on service and best estimate assumptions approved by the Workers' Compensation Superannuation Board. The most recent actuarial valuation was made as at December 31, 1999 by William M. Mercer Limited. Previous to this William M. Mercer Limited performed an actuarial valuation of the Plan as at December 31, 1996, and extrapolated it to December 31, 1998.

The actuarial present value of benefits as at December 31, and the principal components of changes in actuarial present values during the year, were as follows:

| | 1999 | 1998 |
|---|---|---|
| Actuarial present value of accrued pension benefits, at beginning of the year | $19,840,000 | $19,255,000 |
| Interest accrued on benefits | 1,371,000 | 1,322,000 |
| Benefits accrued | 392,000 | 377,000 |
| Experience changes | 1,094,000 | - |
| Benefits paid | (897,000) | (1,114,000) |
| Actuarial present value of accrued pension benefits, at end of the year | 21,800,000 | 19,840,000 |
| Less actuarial value of net assets available for benefits | 27,167,000 | (24,941,000) |
| Surplus | $ 5,367,000 | $ 5,101,000 |

The assumptions used in determining the actuarial value of accrued pension benefits were:

| | 1999 | 1998 |
|---|---|---|
| Interest rate | 7% | 7% |
| Salary escalation rate | 5%-7.5% | 5%-7.5% |
| Inflation rate | 4.0% | 4.0% |

The actuarial asset values used in the valuation were:

| | 1999 | 1998 |
|---|---|---|
| Market value of net assets available for benefits | $29,456,000 | $27,496,000 |
| Market value changes not reflected in actuarial value of net assets | (2,289,000) | (2,555,000) |
| Actuarial value of net assets available for benefits | $27,167,000 | $24,941,000 |

The pension liability for December 31, 1999 is $21.8 million. The pension liability is based on a number of assumptions about future events including: interest, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long term assumptions used.

The actuarial present value of accrued pension benefits contains a provision for ad hoc increases as they are subject to Lieutenant Governor in Council approval. The ad hoc assumption is 50% of CPI based on previous year's experience. The Lieutenant Governor in Council may provide for supplementary allowances to be paid to superannuates in any year, in any amount and subject to any terms and conditions he considers advisable. An increase of 1.61% granted effective April 1, 1999 has been reflected in the valuation.

The following illustrates the effect of changing certain assumptions:

a) Long-term inflation was assumed to be 4%. If it were assumed to be

- 5%, the liabilities would decrease by approximately 5.2%.
- 3%, the liabilities would increase by approximately 5.2%.

b) Ad hoc increases were assumed to be 50% of CPI. If it were assumed to be

- 60% of CPI, the liabilities would increase by 2.7%.
- 40% of CPI, the liabilities would decrease by 2.7%.

The assumed real rate of return of 3% per annum was held constant in these calculations, but any inflation related rates would change whenever inflation does.

If there are insufficient moneys in the Plan to pay allowances or other payments, the Workers' Compensation Board is obligated to pay any such deficiency to the Plan.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common influence by the Government of Saskatchewan.

Certain administration expenses are paid by the Plan to the Public Employees Benefits Agency Revolving Fund based on prevailing market prices and normal trade terms.

## 8. Administration Expenses

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Administration - PEBA Revolving Fund | $96,172 | $ 90,613 | $ 70,270 |
| Custodian fees - Royal Trust | - | 18,335 | 19,162 |
| Investment management fees - Greystone | - | (20,158) | 22,798 |
| | $96,172 | $ 88,790 | $112,230 |

## 9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Municipal Financing Corporation of Saskatchewan as at December 31, 1999 and the statements of loss and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

EJC Dudley + Co
E.J.C. Dudley & Co.
Chartered Accountants

Regina, Canada
February 01, 2000

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## STATEMENT OF FINANCIAL POSITION

### As at December 31

| | 1999 | 1998 |
|---|---|---|
| | (thousands of dollars) | |
| **ASSETS** | | |
| Current Assets | | |
| Cash and short-term investments | $ 76,201 | $ 70,476 |
| Interest receivable | 1,812 | 2,010 |
| Municipal debentures receivable within one year | 6,639 | 9,779 |
| | 84,652 | 82,265 |
| Investments in municipal debentures (Note 3) | 26,824 | 31,573 |
| | $ 111,476 | $ 113,838 |
| **LIABILITIES AND PROVINCE'S EQUITY** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | $ 3,023 | $ 1,554 |
| Debentures payable within one year | 28,916 | 1,000 |
| | 31,939 | 2,554 |
| Long-term debentures payable (Note 5) | 62,075 | 83,167 |
| Province of Saskatchewan's Equity | | |
| Reinvested earnings | 17,462 | 28,117 |
| | $ 111,476 | $ 113,838 |

(See accompanying notes)

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## STATEMENT OF LOSS AND REINVESTED EARNINGS

### For the Year Ended December 31

| | 1999 | 1998 |
|---|---|---|
| | (thousands of dollars) | |
| **Revenue** | | |
| Investment income - municipal debentures | $ 3,667 | $ 4,459 |
| Investment income - short-term investments and cash balances | 3,496 | 3,407 |
| | 7,163 | 7,866 |
| **Expenses** | | |
| Interest on long-term debt | 8,495 | 8,559 |
| Administration | 50 | 24 |
| | 8,545 | 8,583 |
| **Net (loss)** | (1,382) | (717) |
| **Reinvested earnings, beginning of year** | 28,117 | 28,834 |
| Premium on exchange of long-term debentures payable (Note 4) | (9,273) | - |
| **Reinvested earnings, end of year** | $ 17,462 | $ 28,117 |

(See accompanying notes)

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## STATEMENT OF CASH FLOWS

### For the Year Ended December 31

| | 1999 | 1998 |
|---|---|---|
| | (thousands of dollars) | |
| **Operating Activities** | | |
| Net (loss) | $ (1,382) | $ (717) |
| Net change in non-cash working capital balances related to operations: | | |
| Decrease (increase) in interest receivable | 198 | (118) |
| Increase in accounts payable and accrued liabilities | 20 | - |
| Cash (used in) operating activities | (1,164) | (835) |
| **Investing Activities** | | |
| Purchase of municipal debentures | (1,890) | (11,229) |
| Amortization of discounts and premiums | (3) | (3) |
| Proceeds from maturing municipal debentures | 9,782 | 13,840 |
| Cash provided by investing activities | 7,889 | 2,608 |
| **Financing Activities** | | |
| Repayment of long-term debt | (1,000) | - |
| Cash (used in) financing activities | (1,000) | - |
| Net increase in cash during the year | 5,725 | 1,773 |
| **Cash and short-term investments, beginning of year** | 70,476 | 68,703 |
| **Cash and short-term investments, end of year** | $ 76,201 | $ 70,476 |

(See accompanying notes)

# MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 1999

## 1. Significant Accounting Policies

The Corporation's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

### Short-term Investments

Short-term investments are carried at cost.

### Investments in Municipal Debentures

Investments in municipal debentures are carried at amortized cost. The Corporation often purchases debentures at a premium or discount where the interest rate yield required by the Corporation varies from the coupon interest rate offered by the local governments. Premiums and discounts in excess of $250 on the investment's purchase date are amortized to income using the straight-line method over the life of the investment. In this way, effective income derived from each debenture is adjusted to equal the Corporation's required yield for that debenture to its maturity.

### Market Value of Short-Term Financial Instruments

For certain of the Corporation's financial instruments, the carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments. These short-term financial instruments include cash and short-term investments, interest receivable, municipal debentures receivable within one year, accounts payable and accrued liabilities, and debentures payable within one year.

## 2. Status of the Corporation

The Municipal Financing Corporation of Saskatchewan was established in 1969 pursuant to the provisions of **The Municipal Financing Corporation Act** and continued under **The Municipal Financing Corporation Act, 1983**. The Corporation was established to assist municipalities in financing their capital requirements.

The Corporation is a Provincial Crown corporation and is therefore not subject to Federal or Provincial income tax but is subject to Provincial corporation capital tax.

## 3. Investments in Municipal Debentures

The Corporation invests in fixed rate debentures issued by schools, hospitals, cities, towns, villages and rural municipalities throughout the Province of Saskatchewan. The Corporation's policy is to limit its purchase of debentures to no more than 50% of the total authorized borrowings of a capital project, except for water and sewer projects which can be up to 100% of the authorized borrowings. All issues of debentures purchased by the Corporation must be approved by the Saskatchewan Municipal Board.

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## NOTES TO FINANCIAL STATEMENTS

**December 31, 1999**

### 3. Investments in Municipal Debentures (continued)

The Corporation has an investment in 77 (1998 - 99) different debentures issued by 55 (1998 - 69) different issuers with a weighted average yield of 9.146% (1998 - 9.701%) and maturity dates ranging from 2000 through 2019.

The carrying amount invested by issuer category is as follows:

| | 1999 | 1998 |
|---|---|---|
| | (thousands of dollars) | |
| Schools | $ 6,403 | $ 12,928 |
| Hospitals | 148 | 311 |
| Cities | 21,500 | 23,840 |
| Towns | 4,950 | 3,991 |
| Villages | 462 | 282 |
| | 33,463 | 41,352 |
| Receivable within one year | 6,639 | 9,779 |
| | $ 26,824 | $ 31,573 |

The fair value of these debentures as determined by an independent appraiser is $34,888 (1998 - $46,972). This fair value is determined by discounting the future contractual cash flows under current financial arrangements, which represent investment rates presently available to the Corporation for investments with similar terms and remaining maturity, less costs of settlement.

### 4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan. Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

| | 1999 | 1998 |
|---|---|---|
| | (thousands of dollars) | |
| Interest on long-term debt | $ 8,173 | $ 8,237 |
| Administration expense | 20 | 20 |

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## NOTES TO FINANCIAL STATEMENTS

### December 31, 1999

### 4. Related Party Transactions (continued)

On December 31, 1999, the Corporation exchanged long-term debentures payable with the General Revenue Fund, a related party by virtue of common control. The Corporation transferred debentures payable having a face value of $79,667,000 with accrued interest payable of $1,527,000 and a fair value of $100,787,000 in exchange for debentures payable having a face value of $87,491,000 with accrued interest payable of $2,973,000 and a fair value of $100,784,000. The difference in fair value of $3,000 was paid in cash by the Corporation early in 2000.

The net difference between face value, including accrued interest payable, and fair value of the debentures exchanged has been charged to reinvested earnings. Fair value was determined by discounting the future contractual cash flows at borrowing rates presently available to the Corporation, less costs of settlement.

### 5. Long-term Debentures Payable

| Maturity Date | Rate (%) | 1999 | 1998 |
|---|---|---|---|
| | | (thousands of dollars) | |
| **Teachers Superannuation Fund** | | | |
| June 17, 1999 | 12.000 | - | 1,000 |
| **Province of Saskatchewan - Municipal Employees Superannuation Fund** | | | |
| June 17, 2000 | 12.000 | 500 | 500 |
| **Saskatchewan Telecommunication Superannuation Fund** | | | |
| June 17, 2000 | 12.000 | 500 | 500 |
| **Roytor & Co.** | | | |
| December 15, 2002 | 12.875 | 2,500 | 2,500 |
| **Province of Saskatchewan** | | | |
| April 3, 2000* | 13.390 | 10,336 | - |
| May 2, 2000* | 13.460 | 11,814 | - |
| October 1, 2000* | 12.500 | 5,766 | - |
| April 1, 2001* | 13.660 | 6,175 | |
| May 1, 2001* | 13.690 | 13,971 | - |
| August 4, 2001* | 15.310 | 8,064 | - |
| February 1, 2002* | 15.500 | 5,219 | - |
| March 1, 2002* | 16.100 | 1,571 | - |
| April 1, 2002* | 15.120 | 5,000 | - |
| October 1, 2002* | 14.160 | 4,500 | - |
| March 1, 2003* | 12.160 | 5,684 | - |
| November 9, 2004* | 12.960 | 9,391 | - |

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## NOTES TO FINANCIAL STATEMENTS

### December 31, 1999

### 5. Long-term Debentures Payable (continued)

| Maturity Date | Rate (%) | 1999 | 1998 |
|---|---|---|---|
| | | (thousands of dollars) | |
| May 10, 2009* | 10.170 | - | 24,053 |
| June 5, 2009* | 10.010 | - | 4,600 |
| March 1, 2010* | 9.780 | - | 10,855 |
| April 2, 2010* | 10.360 | - | 16,271 |
| May 1, 2011* | 9.810 | - | 23,888 |
| | | 90,991 | 84,167 |
| Repayment required within one year | | 28,916 | 1,000 |
| Net long-term debentures payable | | $ 62,075 | $ 83,167 |

* Certain issues owing to the Province of Saskatchewan in the amount of $87.491 million (1998 - $79.667 million) are subject to redemption by the Province on six months notice.

Principal payments due on long-term debt for the next five years are as follows (in thousands of dollars):

2000 - $ 28,916
2001 - $ 28,210
2002 - $ 18,790
2003 - $ 5,684
2004 - $ 9,391

The fair value of long-term debentures payable, before the repayment required within one year, is $101,777 (1998 - $115,786) and is determined by discounting the future contractual cash flows under current financial arrangements, which represent borrowing rates presently available to the Corporation for debt with similar terms and remaining maturity, less costs of settlement.

During the year, the Corporation exchanged debentures payable with a related party. See Note 4.

## MUNICIPAL FINANCING CORPORATION OF SASKATCHEWAN

## NOTES TO FINANCIAL STATEMENTS

### December 31, 1999

### 6. Interest Rate Risk

The Corporation is susceptible to interest rate risk as a result of a mismatch between interest rates on interest bearing investments and the interest rates on the long-term debt to fund these investments.

### 7. Commitments

Prior to December 31, 1999 the Corporation had approved the purchase of debentures from certain local governments of which $415 thousand were not purchased before year end.

### 8. Operations Budget

| | Budget 1999 |
|---|---|
| | ($ 000's) |
| Revenue | |
| Investment income - municipal debentures | $ 3,621 |
| Investment income - short-term investments and cash balances | 3,468 |
| | 7,089 |
| Expenses | |
| Interest on long-term debt | 8,495 |
| Administration | 50 |
| | 8,545 |
| Net loss | $ (1,456) |

### 9. Uncertainty Due to The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

**HILL McKILLOP**
**ORR & COMPANY**
Chartered Accountants and Business Advisors

member of
POLARIS
INTERNATIONAL
WORLDWIDE SOLUTIONS
FOR YOUR BUSINESS

## AUDITOR'S REPORT

To the Members of the Legislative Assembly,
Province of Saskatchewan
Regina, Saskatchewan

We have audited the statement of financial position of **Saskatchewan Communications Network Corporation** as at 31 March 2000, and the statements of revenue, expenditures and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2000, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Hill McKillop
Orr & Company.
Chartered Accountants

20 April 2000
Regina, Saskatchewan

# SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

## BALANCE SHEET

## *AS AT MARCH 31, 2000*

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| *ASSETS* | | |
| **Current Assets** | | |
| Cash and cash equilvalents | 1,579,755 | 2,508,117 |
| Accounts receivable and accrued interest (**note 9**) | 98,195 | 241,412 |
| Inventory and prepaid expenses | 132,977 | 103,679 |
| | 1,810,927 | 2,853,208 |
| **Capital Assets (note 3)** | 806,236 | 939,084 |
| | 2,617,163 | 3,792,292 |
| *LIABILITIES* | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities (**note 9**) | 711,353 | 1,353,184 |
| Funds under administration (**note 4**) | 92,200 | 74,063 |
| Unearned revenue | 210,378 | 722,412 |
| | 1,013,931 | 2,149,659 |
| *EQUITY* | | |
| Equity in capital assets (**note 5**) | 806,236 | 939,084 |
| Appropriated retained earnings - capital reserve (**note 6**) | 250,000 | 150,000 |
| Unappropriated retained earnings | 546,996 | 553,549 |
| | 1,603,232 | 1,642,633 |
| | 2,617,163 | 3,792,292 |

Commitments (**note 7**)

SIGNED ON BEHALF OF THE BOARD

Vk Pearson, Director

____________________, Director

*see accompanying Notes to the Financial Statements*

## *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

### STATEMENT OF REVENUE, EXPENDITURES AND RETAINED EARNINGS
### *FOR THE YEAR ENDED MARCH 31, 2000*

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| *REVENUE* | | |
| Grant from the Government of Saskatchewan | | |
| • General Revenue Fund | 7,308,000 | 7,305,000 |
| • Department of Education Grant | 15,000 | 0 |
| Interest | 106,329 | 121,159 |
| Satellite conferencing and channel rentals | 75,029 | 173,938 |
| Project administration | 13,695 | 21,107 |
| Miscellaneous | 42,160 | 40,849 |
| Transponder lease | 533,333 | 533,333 |
| | 8,093,546 | 8,195,386 |
| *EXPENDITURES* | | |
| Administration (**note 11**) | 801,661 | 810,377 |
| Program support | 548,064 | 522,416 |
| Program development and production costs | 733,737 | 864,981 |
| Program acquisition costs | 2,104,817 | 2,052,786 |
| Network distribution (**note 11**) | 3,944,668 | 4,044,832 |
| | 8,132,947 | 8,295,392 |
| *EXCESS (DEFICIT) OF REVENUE OVER EXPENDITURES FOR THE YEAR* | (39,401) | (100,006) |
| *UNAPPROPRIATED RETAINED EARNINGS - BEGINNING OF YEAR* | 553,549 | 467,636 |
| Allocation (to)/from equity in capital assets (**note 5**) | 132,848 | 335,919 |
| Appropriation (to)/from Capital Reserve (**note 6**) | (100,000) | (150,000) |
| *UNAPPROPRIATED RETAINED EARNINGS - END OF YEAR* | 546,996 | 553,549 |

*see accompanying Notes to the Financial Statements*

## *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

STATEMENT OF CASH FLOW

***FOR THE YEAR ENDED MARCH 31, 2000***

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| *CASH FLOWS FROM OPERATING ACTIVITIES* | | |
| Grants received | 7,323,000 | 7,305,000 |
| Interest received | 107,744 | 117,194 |
| Fees received for goods and services | 806,019 | 766,280 |
| Advance fees received for goods and services | (512,033) | 544,634 |
| Cash payments of expenses for funds under administration | 18,137 | (50,512) |
| Cash payments to suppliers and employees | (8,390,536) | (7,737,480) |
| Cash flows from operating activities | (647,669) | 945,116 |
| *CASH FLOWS FROM INVESTING ACTIVITIES* | | |
| Cash payments for purchase of capital assets | (280,693) | (102,642) |
| **Increase (decrease) in cash and cash equivalents** | (928,362) | 842,474 |
| CASH AND CASH EQUIVALENTS- BEGINNING OF YEAR | 2,508,117 | 1,665,643 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | 1,579,755 | 2,508,117 |
| **Cash and cash equivalents consist of:** | | |
| Short-term investments | 992,583 | 1,585,656 |
| Bank balances | 752,175 | 1,182,076 |
| Less outstanding cheques | (165,003) | (259,615) |
| CASH AND CASH EQUIVALENTS - END OF YEAR | 1,579,755 | 2,508,117 |

*see accompanying Notes to the Financial Statements*

# *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

## NOTES TO THE FINANCIAL STATEMENTS

## *FOR THE YEAR ENDED MARCH 31, 2000*

### 1. STATUS OF CORPORATION

Saskatchewan Communications Advanced Network Authority (SCAN) was established by an order-in-council January 11, 1989 under the Crown Corporations Act, 1978. SCAN was continued as Saskatchewan Communications Network Corporation (SCN) under the Communications Network Corporation Act, 1990.

The Corporation operates a training network, which electronically links communities throughout Saskatchewan, and a cable network, which began broadcasting on May 6, 1991 under licence from the Canadian Radio-television and Telecommunications Commission (CRTC). The current licence expires on August 31, 2006.

### 2. SIGNIFICANT ACCOUNTING POLICIES

a) *Inventory*

Inventory, consisting of blank video tapes, is recorded at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Inventory, consisting of receivers, is recorded at the lower of cost, determined on a weighted average basis, and net realizable value.

b) *Capital assets*

Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated as follows:

| | | |
|---|---|---|
| Office equipment and furniture | Declining Balance | 30% |
| Uplink development and network configuration | Declining Balance | 30% |
| Computer hardware | Declining Balance | 40% |
| TVs, VCRs, satellite dish and video equipment receivers | Declining Balance | 40% |
| Fax machines and audio conferencing units | Declining Balance | 50% |
| Computer software | Declining Balance | 60% |
| Network alignment | Straight Line | 3 years |
| Data transmission equipment | Straight Line | 3 years |
| Digital video compression equipment * | Straight Line | 7 years |

*Effective April 1, 1999, the estimate useful life for digital video compression equipment has been increased from five to seven years. This change was due to better than anticipated performance of the equipment.

c) *Transponder lease*

The Corporation has entered into a three-year sublease of transponder satellite space, which expires August 31, 2000. The lessee has assumed payment direct to the satellite space provider and has provided the Corporation with a premium on the sub-lease which is recorded as revenue for the period in which it is earned. All costs associated with providing the sub-lease have been capitalized as network alignment costs and are amortized over the term of the lease.

## SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

***FOR THE YEAR ENDED MARCH 31, 2000***

d) *Revenue recognition*
Government contributions are recognized as revenue in the fiscal year in which the related expenses are incurred.

Other revenues are recognized when the related service is provided.

e) *Program acquisition and production*
Program acquisition and production costs are expensed as incurred.

### 3. CAPITAL ASSETS

The components of the capital assets as well as the related accumulated depreciation are as follows:

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | *Cost* $ | *Accumulated Depreciation* $ | *Net Book value* $ | *Net Book value* $ |
| Office equipment and furniture | 168,796 | 144,417 | 24,379 | 14,764 |
| Uplink development and network configuration | 1,157,962 | 1,122,838 | 35,124 | 50,177 |
| Computer hardware | 323,355 | 279,208 | 44,147 | 29,276 |
| TVs',VCRs', cameras,satellite dishes and receivers | 509,915 | 461,055 | 48,860 | 43,895 |
| Fax machines and conferencing units | 73,731 | 44,021 | 29,710 | 1,708 |
| Computer software | 151,331 | 140,387 | 10,944 | 11,634 |
| Digital video compression equipment | 1,487,382 | 967,227 | 520,155 | 735,104 |
| Network alignment | 118,184 | 105,052 | 13,132 | 52,526 |
| Data transmission equipment | 119,678 | 39,893 | 79,785 | 0 |
| | 4,110,334 | 3,304,098 | 806,236 | 939,084 |

### 4. FUNDS UNDER ADMINISTRATION

The Corporation administers funds on behalf of related parties, in accordance with the terms of contracts between the Corporation and the related parties.

### 5. EQUITY IN CAPITAL ASSETS

| | 2000 $ | 1999 $ |
|---|---|---|
| Balance - beginning of year | 939,084 | 1,275,003 |
| Allocation (to)/from retained earnings | (132,848) | (335,919) |
| Balance - end of year | 806,236 | 939,084 |

## *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

NOTES TO THE FINANCIAL STATEMENTS
***FOR THE YEAR ENDED MARCH 31, 2000***

### 6. CAPITAL RESERVE

The Board of Directors has approved the appropriation of $250,000 of retained earnings. The reserve has been established to provide for the replacement and upgrading of SCN's technical equipment. Amounts may be transferred from the reserve on the authority of the Board of Directors.

### 7. COMMITMENTS

a) *Productions*
At March 31, 2000 the Corporation had commitments totaling $50,750 (1999 - $34,500) representing the estimated costs to complete productions in progress.

b) *Broadcast and duplication rights*
At March 31, 2000 the Corporation had commitments totaling $1,343,551 (1999 - $1,290,780) for the acquisition of broadcast and duplication rights.

c) *Full-time satellite transponder*
The Corporation has a contract for a full-time KuBand satellite transponder. The contract cost for 2000-2001 is $1,466,033 (1999-00 $1,466,033). The contract extends to December 31, 2002.

d) *Head end contract*
The Corporation has a contract with the University of Saskatchewan, a related party, for the operation of SCN's master control, tape duplication, packaging and promotional productions and uplinking. The contract extends to August 31, 2000 with commitments of $342,047 to contract completion.

e) *Multiplexer and uplink contracts*
The Corporation has contracts with SaskTel, a related party, for a ten-year period ending September 1, 2000 for multiplexer and uplink services with estimated commitments of $27,331 to contract completion.

### 8. RELATED PARTY TRANSACTIONS

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since all are controlled by the government.

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which SCN is related. The more significant of these are Saskatchewan Post-Secondary Education and Skills Training, SaskTel, the universities, SIAST, and the regional colleges. Account balances resulting from these transactions are included in the balance sheet and are settled on normal trade terms.

The following table summarizes SCN's major related party transactions that are in the normal course of operations. These transactions are recorded at exchange amounts agreed to by the related parties.

| Revenues | 2000<br>$ | 1999<br>$ |
|---|---|---|
| - Saskatchewan Social Services for satellite conferences | 0 | 36,166 |
| - Saskatchewan Health for satellite conferences | 14,819 | 20,276 |
| - SIAST for studio use | 7,914 | 26,723 |

## *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

NOTES TO THE FINANCIAL STATEMENTS
***FOR THE YEAR ENDED MARCH 31, 2000***

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| Expenditures | | |
| Administration | | |
| - SPMC for accommodation expense | 94,130 | 91,078 |
| - Sask Tel for telephone operating costs | 26,339 | 32,266 |
| Program development - Universities, SIAST | 660,170 | 660,000 |
| Network distribution | | |
| - Regional Colleges/SIAST for operation of Training Network sites | 874,500 | 874,500 |
| - SaskTel for video and audio signal transport services, and telephone operating costs | 185,355 | 167,085 |
| Accounts Receivable at March 31, 2000 | | |
| SaskTel for channel rent and data transmission trial | 42,193 | 129,845 |
| Legislative Assembly for purchase of receivers | 12,719 | 0 |
| Accounts Payable at March 31, 2000 | | |
| SaskTel for backhaul, uplink, multiplex and telephone charges | 113,109 | 211,750 |

Other transactions with related parties, including their terms of settlement, are described separately in the financial statements and notes therein.

## 9. FINANCIAL INSTRUMENTS

The Corporation's recognized financial instruments consist of accounts receivable and accounts payable. The Corporation does not have any financial assets or financial liabilities which are not recognized in the financial statements.

Credit risk

The Corporation is exposed to credit risk from the potential default of customers. However, the majority of the Corporation's receivables are from related parties, other government corporations and agencies. Therefore the credit risk is minimal.

Fair values

The fair values of accounts receivable and all accounts payable approximate their carrying value due to the short-term nature of these instruments.

## 10. COMPARATIVE FINANCIAL INFORMATION

For comparative purposes, certain 1999 balances have been reclassified to conform with the 2000 financial statement presentation.

## *SASKATCHEWAN COMMUNICATIONS NETWORK CORPORATION*

NOTES TO THE FINANCIAL STATEMENTS
***FOR THE YEAR ENDED MARCH 31, 2000***

### 11. COMPARISON OF PLANNED AND ACTUAL RESULTS OF EXPENDITURES

| | 2000 | | 1999 |
|---|---|---|---|
| *Operating Expenditures* | *Budget* | *Actual* | *Actual* |
| | $ | $ | $ |
| Administration | 769,659 | 715,405 | 738,850 |
| Program support | 526,463 | 548,063 | 522,416 |
| Program development and production costs | 1,275,000 | 852,827 | 864,981 |
| Program acquisition costs | 1,619,106 | 1,985,728 | 2,052,786 |
| Network distribution | 3,963,428 | 3,617,384 | 3,678,732 |
| Administration - depreciation | — | 86,256 | 71,527 |
| Network distribution - depreciation | — | 327,284 | 366,100 |
| Total | 8,153,656 | 8,132,947 | 8,295,392 |

| | 2000 | | 1999 |
|---|---|---|---|
| *Capital Expenditures* | *Budget* | *Actual* | *Actual* |
| | $ | $ | $ |
| Administration (Net of disposal) | 64,500 | 69,351 | 40,350 |
| Network distribution (Net of disposal) | 67,750 | 211,342 | 61,359 |
| Total | 132,250 | 280,693 | 101,709 |

### 12. CLASSIFICATION OF EXPENDITURES BY OBJECT

| | 2000 | 1999 |
|---|---|---|
| | $ | $ |
| Salaries (including benefits) | 1,260,719 | 1,186,576 |
| Communications | 175,411 | 208,838 |
| Administration - Operations | 437,994 | 419,422 |
| Programming - General | 1,491,366 | 1,556,129 |
| Programming - Educational | 916,843 | 937,500 |
| Other production and acquisition costs | 430,346 | 424,138 |
| Carriage | 2,139,268 | 2,161,662 |
| Regional college operational grants | 874,500 | 874,500 |
| Network operations | 406,500 | 526,627 |
| Total | 8,132,947 | 8,295,392 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the Saskatchewan Gaming Corporation as at March 31, 2000 and the consolidated statements of operations, and retained earnings, and cash flows for the year then ended. The Saskatchewan Gaming Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Saskatchewan Gaming Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
April 28, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

## SASKATCHEWAN GAMING CORPORATION
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and short-term investments | $ 17,252,327 | $ 13,297,551 |
| Accounts receivable | 72,218 | 49,736 |
| Inventory | 164,546 | 185,595 |
| Prepaid expenses | 455,257 | 427,496 |
| | 17,944,348 | 13,960,378 |
| Deferred charges (Note 3) | 376,104 | 827,430 |
| Capital assets (Note 4) | 29,269,230 | 31,022,343 |
| Total Assets | $ 47,589,682 | $ 45,810,151 |
| **LIABILITIES AND RETAINED EARNINGS** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 3,714,345 | $ 2,649,127 |
| Current portion of long-term debt (Note 5) | 3,965,256 | 3,651,613 |
| | 7,679,601 | 6,300,740 |
| Due to General Revenue Fund (Note 1) | 19,816,624 | 15,450,698 |
| Long-term debt (Note 5) | 20,093,457 | 24,058,713 |
| Retained earnings (Statement 2) | --- | --- |
| Total Liabilities and Retained Earnings | $ 47,589,682 | $ 45,810,151 |

Commitments (Note 6)

(See accompanying notes to the financial statements)

Statement 2

## SASKATCHEWAN GAMING CORPORATION
## CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Revenue: | | | |
| Slot machines | $ 36,178,000 | $ 42,683,917 | $ 35,468,940 |
| Table games | 9,780,616 | 9,258,318 | 9,764,285 |
| Other revenue (Note 7) | 3,544,852 | 4,138,161 | 3,479,882 |
| | 49,503,468 | 56,080,396 | 48,713,107 |
| Less promotional allowances | 1,476,000 | 1,602,981 | 899,530 |
| | 48,027,468 | 54,477,415 | 47,813,577 |
| Expenses (Note 8): | | | |
| Casino and administration | 17,796,920 | 18,974,254 | 17,301,468 |
| Contractual obligation (Note 6 b) | 2,600,000 | 2,600,000 | 2,745,000 |
| Ancillary services (Note 7) | 2,816,426 | 2,740,960 | 2,580,196 |
| | 23,213,346 | 24,315,214 | 22,626,664 |
| Earnings before the following | 24,814,122 | 30,162,201 | 25,186,913 |
| Amortization and asset write-down | 3,948,675 | 3,800,165 | 3,613,624 |
| Interest | 2,342,122 | 2,346,979 | 2,633,149 |
| Taxes (Note 9) | 2,208,000 | 2,735,455 | 2,199,831 |
| Consulting (Note 6 a) | 1,315,325 | 1,462,978 | 1,289,611 |
| | 9,814,122 | 10,345,577 | 9,736,215 |
| Net income | 15,000,000 | 19,816,624 | 15,450,698 |
| Retained earnings, beginning of the year | --- | --- | --- |
| Due to General Revenue Fund (Note 1) | 15,000,000 | 19,816,624 | 15,450,698 |
| Retained earnings, end of the year - to Statement 1 | $ --- | $ --- | $ --- |

(See accompanying notes to the financial statements)

**Statement 3**

## SASKATCHEWAN GAMING CORPORATION
## CONSOLIDATED STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 19,816,624 | $ 15,450,698 |
| Items not involving cash: | | |
| Amortization of capital assets | 3,746,850 | 3,406,378 |
| Amortization of deferred charges | 451,326 | 451,325 |
| Write-down of assets | 53,315 | 207,246 |
| Changes in non-cash working capital balances: | | |
| Accounts receivable | (22,482) | 155,347 |
| Prepaid expenses | (27,761) | (75,245) |
| Inventories | 21,049 | 77,609 |
| Accounts payable and accrued liabilities | 1,065,218 | (104,551) |
| | 25,104,139 | 19,568,807 |
| Cash flows from investing activities: | | |
| Proceeds from sale of capital assets | 10,847 | 98,538 |
| Additions to capital assets | (2,057,899) | (2,185,414) |
| | (2,047,052) | (2,086,876) |
| Cash flows from financing activities: | | |
| Payment to General Revenue Fund | (15,450,698) | (11,594,691) |
| Repayment of debt | (3,651,613) | (3,362,901) |
| | (19,102,311) | (14,957,592) |
| Net increase in cash | 3,954,776 | 2,524,339 |
| Cash and short-term investments, beginning of the year | 13,297,551 | 10,773,212 |
| Cash and short-term investments, end of the year | $ 17,252,327 | $ 13,297,551 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN GAMING CORPORATION
## NOTES TO THE FINANCIAL STATEMENTS
### March 31, 2000

### 1. Description of Business

The Saskatchewan Gaming Corporation (SGC) manages and operates Casino Regina. The SGC was established as a Treasury Board Crown Corporation under *The Saskatchewan Gaming Corporation Act, 1994* (Act). Under Section 13 of the Act, SGC, unless directed otherwise by Treasury Board, shall pay its net profits for each fiscal year to the General Revenue Fund.

SGC was established to provide for separation of regulatory and operational aspects of gaming. SGC must operate in accordance with statutory provisions established under Section 207 of the *Criminal Code of Canada* and *The Alcohol and Gaming Regulation Act, 1993*. Regulation of its operations is controlled by the separately constituted Saskatchewan Liquor and Gaming Authority.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant policies which have been adopted are described below.

a) Basis of Consolidation

The consolidated financial statements combine the accounts of Saskatchewan Gaming Corporation and its wholly-owned subsidiary, SGC Holdings Inc.

b) Revenue

Gaming revenue represents the net win from gaming activities, which is the difference between the amounts wagered and pay-outs by the casino. The retail value of goods and services furnished to casino guests without charge is included in revenue and then deducted as promotional allowances.

c) Inventory

Inventory is stated at the lower of cost and net realizable value.

d) Capital Assets

Capital assets are stated at cost less accumulated amortization. Assets are amortized using the straight-line method over their useful lives as follows:

| | |
|---|---|
| Building and renovations | Five to forty years |
| Gaming equipment | Three to five years |
| Computer equipment | Three to five years |
| Furniture and equipment | Three to five years |

e) Cash and Short-term Investments

Cash and short-term investments consist of cash on hand and balances with banks and investments in a money market fund. Short-term investments are carried at cost, which approximates market value.

## 3. Deferred Charges

In 1995, SGC purchased a five-year non-exclusive licence to use Holland Casinos' "know-how" and proprietary software. The total cost of this license is being amortized to consulting expense over a five-year period. Amortization of deferred charges during the year amounted to $451,325 (1999 - $451,325).

## 4. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Carrying Amount | Net Carrying Amount |
| Building and renovations | $ 22,813,007 | $ 2,495,959 | $ 20,317,048 | $ 20,881,032 |
| Gaming equipment | 10,937,322 | 7,705,045 | 3,232,277 | 4,761,623 |
| Land | 4,228,000 | --- | 4,228,000 | 3,408,000 |
| Computer equipment | 2,632,370 | 1,941,350 | 691,020 | 851,123 |
| Furniture and equipment | 2,111,994 | 1,311,109 | 800,885 | 1,120,565 |
| Total | $ 42,722,693 | $ 13,453,463 | $ 29,269,230 | $ 31,022,343 |

## 5. Long-Term Debt

| | 2000 | 1999 |
|---|---|---|
| Land and Building Loan, repayable in monthly instalments of $256,715 including interest at 9.2%, due April 1, 2011 | $ 21,266,186 | $ 22,336,212 |
| Gaming Equipment Loan, repayable in monthly instalments of $242,763 including interest at 7.88%, due April 1, 2001 | 2,792,527 | 5,374,114 |
| | 24,058,713 | 27,710,326 |
| Less current portion | 3,965,256 | 3,651,613 |
| | $ 20,093,457 | $ 24,058,713 |

The above loans are secured by assets and shares of SGC Holdings Inc. Principal repayments required in the next five years are as follows:

| | |
|---|---:|
| 2001 | 3,965,256 |
| 2002 | 1,285,286 |
| 2003 | 1,408,648 |
| 2004 | 1,543,851 |
| 2005 | 1,692,030 |
| 2006 and subsequent | 14,163,642 |
| | $ 24,058,713 |

## 6. Commitments

a) Holland Casinos

SGC has retained Holland Casinos to assist in the development and operation of Casino Regina. A five-year agreement was finalized in April 1995, to commence January 1996. Under the agreement, SGC shall pay to Holland Casinos an amount equal to 1.5% of gross gaming revenue, and 1.5% of net profits per operating year for five years, plus any salaries, travel, and living expenses incurred by Holland Casinos staff.

b) Agreement with Regina Exhibition Association (Association)

On April 1, 1997, SGC entered into an agreement with the Association to fulfill previous commitments made to the Association regarding the maintenance of a certain level of its income.

The Association terminated the agreement effective November 23, 1997. Under the provisions of the agreement SGC agreed to pay the Association monthly payments of $235,417 for the first year following termination of the agreement and monthly payments of $216,667 in each year thereafter for 29 years.

## 7. Other Revenue

| | 2000 | | | | | 1999 |
|---|---:|---:|---:|---:|---:|---:|
| | Food & Beverage | Parking | Giftshop | Other | Total | Total |
| Revenue: | | | | | | |
| Sales | $ 3,563,445 | $1,105,760 | $ 349,727 | $ — | $ 5,018,932 | $ 4,126,891 |
| Cost of goods sold | 1,184,167 | — | 263,639 | — | 1,447,806 | 1,258,646 |
| Gross profit | 2,379,278 | 1,105,760 | 86,088 | — | 3,571,126 | 2,868,245 |
| Interest | — | — | — | 425,271 | 425,271 | 494,052 |
| Rent and other | 23,893 | — | 11,547 | 106,324 | 141,764 | 117,585 |
| Total revenue | 2,403,171 | 1,105,760 | 97,635 | 531,595 | 4,138,161 | 3,479,882 |
| Expenses | 2,333,784 | 326,360 | 80,816 | — | 2,740,960 | 2,580,196 |
| Operating income | $ 69,387 | $ 779,400 | $ 16,819 | $ 531,595 | $ 1,397,201 | $ 899,686 |

## 8. Expenses by Object

| | 2000 | 1999 |
|---|---|---|
| Salaries and benefits | $ 13,831,702 | $ 12,510,295 |
| Amortization | 3,746,850 | 3,406,378 |
| Marketing and communication | 3,134,076 | 2,606,313 |
| Taxes (Note 9) | 2,735,455 | 2,199,831 |
| Utilities, insurance, supplies and maintenance | 2,634,486 | 2,460,791 |
| Contractual obligation (Note 6 b) | 2,600,000 | 2,745,000 |
| Interest | 2,346,979 | 2,633,149 |
| Consulting (Note 6 a) | 1,462,978 | 1,289,611 |
| Professional services | 951,149 | 649,767 |
| Uniforms, recruitment and training | 529,480 | 585,284 |
| Lease and rental | 366,634 | 348,597 |
| Other operating expenses | 267,687 | 720,617 |
| Write-down of assets | 53,315 | 207,246 |
| Total Expenses | $ 34,660,791 | $ 32,362,879 |

## 9. Taxes

SGC is on the prescribed list of lottery corporations pursuant to Section 188 of *The Federal Excise Tax Act*. In lieu of collecting Goods and Services Tax (GST) on revenue at the retail level, SGC calculates and remits GST according to a formula prescribed by Revenue Canada. The formula requires SGC to pay 14% on the purchase of goods and services related to the Casino operation.

GST and Provincial Sales Tax on equipment leased from SGC Holdings Inc. is expensed over the term of the lease. Also included in taxes is grants in lieu of property tax.

## 10. Pension Plan

Substantially all of SGC's permanent employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by the Plan's Board of Directors, using staff and facilities provided by Crown Investments Corporation of Saskatchewan. SGC's financial obligation is limited to matching the required amounts contributed by employees for current service, which totalled $580,502 for 2000 (1999 - $444,021). The amount required to be contributed by employees is 5.5% of salary.

## 11. 2000 Budget

These amounts represent the budget approved by the Board of the Saskatchewan Gaming Corporation.

## 12. Related Party Transactions

These consolidated financial statements include transactions with related parties. SGC is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, SGC is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

| Category | 2000 | 1999 |
|---|---|---|
| Salaries and benefits | $ 679,211 | $ 661,855 |
| Utilities, insurance, supplies and maintenance | 635,152 | 654,656 |
| Restaurant - cost of sales | 431,325 | 470,065 |
| Other expenses | 289,557 | 27,547 |
| Accounts payable and accrued liabilities | 302,446 | 59,565 |

In addition, SGC pays PST to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. SGC also collects Liquor Consumption Tax and remits to the Saskatchewan Department of Finance.

Other transactions with related parties and amounts due to/from them are described separately in the consolidated financial statements and the notes thereto.

## 13. Comparative Figures

Certain 1999 balances have been reclassified to conform with the current year's presentation.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Heritage Foundation as at March 31, 2000 and the statements of operations and net assets, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
June 28, 2000

Statement 1

## SASKATCHEWAN HERITAGE FOUNDATION
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 325 | $ 1,014 |
| Due from General Revenue Fund (Note 3) | 549,609 | 410,038 |
| Due from Parks Canada | --- | 154,500 |
| Accounts receivable | 2,000 | --- |
| Advances | 28,651 | 29,958 |
| | $ 580,585 | $ 595,510 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Accounts payable | $ 9,961 | $ 3,055 |
| Net assets (Statement 2) | 570,624 | 592,455 |
| | $ 580,585 | $ 595,510 |

Commitments (Note 4)

(See accompanying notes to the financial statements)

**Statement 2**

## SASKATCHEWAN HERITAGE FOUNDATION
## STATEMENT OF OPERATIONS AND NET ASSETS
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 7) | Actual | Actual |
| Revenues: | | | |
| Department of Municipal Affairs, Culture and Housing - General Revenue Fund | $ 345,000 | $ 352,500 | $ 345,000 |
| Parks Canada (Note 5) | 171,520 | 251,000 | 154,500 |
| Canada-Saskatchewan Infrastructure Works Program | --- | --- | 33,000 |
| Interest (Note 3) | 23,649 | 24,809 | 23,231 |
| Other | 1,000 | 13,338 | 5,000 |
| | 541,169 | 641,647 | 560,731 |
| Expenses: | | | |
| Heritage properties: | | | |
| Claybank Brick Plant (Note 5) | 430,968 | 427,790 | 236,801 |
| Other | 274,500 | 202,451 | 349,067 |
| Board travel and honorariums | 17,967 | 15,222 | 16,034 |
| Printing | 6,862 | 6,570 | 6,222 |
| Other | 8,702 | 11,445 | 7,727 |
| | 738,999 | 663,478 | 615,851 |
| Deficit for the year | $ 197,830 | 21,831 | 55,120 |
| Net assets, beginning of year | | 592,455 | 647,575 |
| Net assets, end of year - to Statement 1 | | $ 570,624 | $ 592,455 |

(See accompanying notes to the financial statements)

Statement 3

## SASKATCHEWAN HERITAGE FOUNDATION
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from General Revenue Fund | $ 352,500 | $ 378,000 |
| Cash received from federal government | 405,500 | --- |
| Interest received | 24,809 | 23,231 |
| Cash received from general contributors | 11,338 | 5,000 |
| Cash paid to recipients of heritage property funding | (201,144) | (286,310) |
| Cash paid to suppliers | (454,121) | (288,487) |
| Net increase (decrease) in cash | 138,882 | (168,566) |
| Cash, beginning of year | 411,052 | 579,618 |
| Cash, end of year | $ 549,934 | $ 411,052 |
| Cash consists of: | | |
| Cash | $ 325 | $ 1,014 |
| Due from General Revenue Fund | 549,609 | 410,038 |
| | $ 549,934 | $ 411,052 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN HERITAGE FOUNDATION
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority

The Saskatchewan Heritage Foundation was established under the authority of *The Saskatchewan Heritage Foundation Act* effective February 18, 1991. The Foundation works in close consultation with the Heritage Branch of the Department of Municipal Affairs, Culture and Housing and provides financial support for community-based heritage projects which conserve, restore, develop and interpret Saskatchewan's rich heritage resources.

The Foundation is managed by the Saskatchewan Heritage Foundation Board.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following policies are considered significant:

a) Heritage Properties

The cost incurred to restore and develop the Claybank Brick Plant is expensed in the year the services are rendered and/or goods received.

Other heritage projects that the Foundation funds are recorded as an expense when recipients incur eligible expenses for projects approved by the Foundation Board.

Donated heritage properties, materials and services are not recorded.

b) Grant Revenue

Grants are recognized when approved and eligibility criteria, if any, have been met.

c) Advances

The Foundation records amounts paid to recipients of funding for heritage properties, before all eligible expenses have been made, as advances.

e) Cash

Cash consists of balances with the bank and cash on hand.

## 3. Due From General Revenue Fund

The Foundation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Foundation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Foundation's bank accounts using the Government's thirty day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty day borrowing rate for 1999/00 is 4.79% (1998/99 – 5.04%).

## 4. Commitments

The Foundation has multi-year grant commitments at year end totalling $364,609 (1999 - $359,841). The Foundation Board has approved these heritage projects but no monies have been paid or eligible expenses incurred.

## 5. Heritage Properties

The Claybank Brick Plant was donated to the Foundation in 1992. In 1994, the plant was designated as a National Historic Site. During the year, the Foundation incurred restoration and development costs of $427,790 (1999 - $236,801). The Claybank Brick Plant Historical Society donates material and services to the Foundation to achieve the common goal of developing the Brick Plant as a tourist attraction. The Foundation has entered into an agreement with Parks Canada that provides for Federal Government contributions towards the cost of restoration of this National Historic Site. During the year, the Foundation recognized $251,000 (1999 - $154,500) as revenue, pursuant to this agreement.

## 6. Financial Instruments

The Foundation's financial instruments include cash, due from General Revenue Fund, due from Parks Canada, accounts receivable, and accounts payable. The fair value of these instruments approximates carrying value due to their immediate or short-term maturity.

## 7. Budget

The Saskatchewan Heritage Foundation Board approved the 1999/00 budget.

## 8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Foundation by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms. Routine related party transactions include expenses of $38,831 (1999 - $21,356) and accounts payable of $0 (1999 - $665).

The Foundation pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government practice, the Foundation has not been charged with certain administrative and occupancy costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Municipal Affairs, Culture and Housing from monies appropriated by the Legislature for such purposes.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

KPMG LLP
Chartered Accountants

# AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the consolidated balance sheet of the Saskatchewan Housing Corporation as at December 31, 1999, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Saskatchewan

February 29, 2000

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

## Saskatchewan Housing Corporation
## Consolidated Balance Sheet

**As at December 31**
**(*thousands*)**

| | 1999 | 1998 |
|---|---|---|
| **Assets** | | |
| Investment in housing projects (note 3) | $ 275,243 | $277,968 |
| Land (note 4) | 6,036 | 5,360 |
| Mortgages and loans (note 5) | 4,970 | 3,996 |
| Accounts receivable | 8,800 | 8,246 |
| | $ 295,049 | $ 295,570 |
| **Liabilities, Deferred Contributions and Net Assets** | | |
| **Liabilities and Deferred Contributions:** | | |
| Long-term debt (note 6) | $ 192,354 | $ 197,721 |
| Accounts payable and accruals | 16,893 | 16,457 |
| Land profits holding account (note 9) | 2,900 | 2,389 |
| Short-term indebtedness | 1,271 | 1,842 |
| Deferred federal contributions (note 7): | | |
| Expenditures of future periods | 40,061 | 37,138 |
| Capital assets | 12,856 | 2,587 |
| Other deferred contributions related to capital assets (note 8) | 3,303 | 9,534 |
| | $ 269,638 | $267,668 |
| **Net Assets:** | | |
| Internally restricted net assets (note 10) | $ 24,892 | $ 26,008 |
| Unrestricted net assets | 519 | 1,894 |
| | $ 25,411 | $ 27,902 |
| Contingencies and commitments (notes 14 and 16) | | |
| | $ 295,049 | $295,570 |

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Ken Pontikes, Member

## Saskatchewan Housing Corporation
## Consolidated Statement of Operations

**For the year ended December 31**
**(*thousands*)**

| | 1999 Planned | 1999 Actual | 1998 Actual |
|---|---|---|---|
| **Revenues:** | | | |
| Rents and other income | $ 70,561 | $ 71,018 | $ 67,080 |
| Land sales | 2,378 | 3,677 | 2,692 |
| Federal contributions (note 7) | 56,030 | 53,197 | 41,805 |
| General Revenue Fund contributions | 26,899 | 26,823 | 28,792 |
| Other contributions | 1,683 | 6,407 | 1,275 |
| | $ 157,551 | $ 161,122 | $141,644 |
| **Expenditures:** | | | |
| Operating (note 12) | $ 98,457 | $82,386 | $ 77,165 |
| Grants and subsidies | 38,132 | 35,168 | 29,805 |
| Interest expense (note 13) | 25,480 | 24,533 | 26,039 |
| Amortization of investment in housing projects (note 3(b)) | 3,476 | 18,784 | 2,847 |
| Cost of land sales | 1,902 | 2,571 | 2,462 |
| Loss provisions (recoveries) and other | 1,153 | 171 | (177) |
| | $ 168,600 | $ 163,613 | $138,141 |
| **Net operations** | $ (11,049) | $ (2,491) | $ 3,503 |

See accompanying notes to the consolidated financial statements.

## Saskatchewan Housing Corporation
## Consolidated Statement of Changes in Net Assets

**For the year ended December 31**
***(thousands)***

| | 1999 | 1998 |
|---|---|---|
| **Unrestricted Net Assets:** | | |
| Balance, beginning of year | $ 1,894 | $ 1,314 |
| Net operations | (2,491) | 3,503 |
| Premium on early retirement of long-term debt | - - - | (5,504) |
| Net transfers from internally restricted net assets (note 10) | 1,116 | 2,581 |
| **Balance, end of year** | $ 519 | $ 1,894 |
| **Internally Restricted Net Assets:** | | |
| Balance, beginning of year | $ 26,008 | $ 28,589 |
| Net transfers to unrestricted net assets (note 10) | (1,116) | (2,581) |
| **Balance, end of year** | $ 24,892 | $ 26,008 |
| **Net Assets, end of year** | $ 25,411 | $ 27,902 |

See accompanying notes to the consolidated financial statements.

## Saskatchewan Housing Corporation
## Consolidated Statement of Cash Flows

**For the year ended December 31**
**(*thousands*)**

| **Cash Provided By (Used In):** | **1999** | **1998** |
|---|---|---|
| **Operating Activities:** | | |
| Net operations | $ (2,491) | $ 3,503 |
| Items not affecting cash: | | |
| Amortization of investment in housing projects | 18,784 | 2,847 |
| Cost of land sales | 2,571 | 2,462 |
| Loss provisions (recoveries) and other | 530 | ( 177) |
| Grants and subsidies | 246 | 179 |
| Contributions related to capital assets recognized as revenue | (6,473) | ( 652) |
| Payments from land profits holding account | ( 641) | ( 200) |
| Increase in non-cash working capital | ( 236) | (1,889) |
| Increase in deferred federal contributions for expenditures of future periods | 2,923 | 21,122 |
| | **$ 15,213** | **$ 27,195** |
| **Investment Activities:** | | |
| Investment in housing projects | $ (16,168) | $ ( 764) |
| Investment in land | ( 3,451) | (1,965) |
| Reduction (increase) in mortgages and loans | ( 949) | 6,175 |
| Proceeds from sale of housing projects | 507 | 1,312 |
| | **$ (20,061)** | **$ 4,758** |
| **Financing Activities:** | | |
| Repayment of long-term debt | $(36,156) | $(39,086) |
| Premium on early retirement of long-term debt | - - - | ( 5,504) |
| Proceeds from long-term debt | 31,106 | 6,500 |
| Sinking fund instalments | ( 313) | - - - |
| Federal contributions allocated to capital assets | 10,683 | - - - |
| Other contributions related to capital assets | 99 | 551 |
| Transfer of Staff Housing sale proceeds to General Revenue Fund | - - - | ( 48) |
| | **$ 5,419** | **$ (37,587)** |
| **Net increase (decrease) in cash position** | **$ 571** | **$ ( 5,634)** |
| **Cash and cash equivalents (short-term indebtedness), beginning of year** | **$ ( 1,842)** | **$ 3,792** |
| **Cash and cash equivalents (short-term indebtedness), end of year** | **$ ( 1,271)** | **$ ( 1,842)** |

See accompanying notes to the consolidated financial statements.

# Saskatchewan Housing Corporation
# Notes to Consolidated Financial Statements

December 31, 1999

## NOTE 1: STATUS OF THE CORPORATION

The Saskatchewan Housing Corporation operates under the authority of ***The Saskatchewan Housing Corporation Act.***

The Corporation's general objectives are to undertake, facilitate, and promote measures which will contribute to the availability of adequate and affordable housing for all Saskatchewan residents, and in particular the provision of housing for senior citizens, families, the disabled and other groups or persons who require assistance. The Corporation also undertakes, facilitates and promotes measures to repair, rehabilitate and make improvements to housing.

Pursuant to provisions of Section 36 of ***The Saskatchewan Housing Corporation Act***, the Corporation receives contributions from the General Revenue Fund of the Province of Saskatchewan to fund the Corporation's net operations. As a Provincial Crown Corporation, the Corporation is not subject to Federal income tax, Provincial income tax or Federal large corporations tax.

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The policies used in preparing the Corporation's consolidated financial statements are in accordance with accounting principles generally accepted in Canada.

**Basis of consolidation**

The consolidated financial statements include the accounts of Saskatchewan Housing Corporation and public housing authorities controlled by the Corporation.

Housing authorities are incorporated bodies with no share capital, established by ministerial order pursuant to subsection 18 (1) of ***The Saskatchewan Housing Corporation Act***. They provide community-based management of housing projects. Housing authorities are controlled by the Corporation by virtue of the fact that the Minister-in-charge of the Corporation has the legislative authority to appoint the members of each housing authority. Also, subsection 18 (9) of ***The Saskatchewan Housing Corporation Act*** provides that housing authorities must comply with policies established by the Corporation.

Transactions and account balances between the Corporation and housing authorities have been eliminated in these consolidated financial statements.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

December 31, 1999

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**Revenue recognition**

The Corporation follows the deferral method of accounting for contributions.

General Revenue Fund contributions, which are provided through the Department of Municipal Affairs, Culture and Housing, are unrestricted in nature, subject only to the broad provisions of Section 36 of ***The Saskatchewan Housing Corporation Act***. Accordingly, General Revenue Fund contributions are recognized as revenue in the year in which they are received.

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in accordance with provisions of the Social Housing Agreement (Note 7) and other agreements. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred. Federal contributions used or committed toward the acquisition or construction of housing projects are allocated to Deferred federal contributions - capital assets, and are recognized as revenue on the same basis as the amortization of the related housing projects.

Other contributions that are restricted for a specified use are deferred and are recognized as revenue as the related expenditures are incurred.

Sales of land intended for single family residential development are recorded at the earlier of receipt of total proceeds or completion of the first floor joist stage of construction. Other land sales are recorded at the earlier of receipt of total sale proceeds or the date by which all material conditions required of the vendor as specified in the sales agreement have been satisfied, and effective control of the property has passed to the purchaser.

The cost of land sales is allocated in proportion to anticipated revenue for each project.

**Grants and subsidies**

Grant expenditures are recognized when an application for assistance has been approved and performance requirements have been met by the client.

Subsidy assistance is provided to non-profit housing sponsors and cooperatives in accordance with project operating agreements, which set forth the basis on which eligibility for subsidy assistance will be determined. Subsidy expenditures in a particular year are recorded based upon actual or estimated costs incurred by each housing sponsor in the year.

**Investment in housing projects**

Investment in housing projects is carried at cost (which includes land, development, construction, administrative and carrying costs), less accumulated amortization. The recorded cost of certain projects is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the housing projects.

Debt-financed housing projects are amortized on the sinking fund basis using an interest rate of 7%. Other housing projects are amortized on a straight-line basis. Projects are amortized over periods of up to forty years.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

**December 31, 1999**

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**Land**

Land is recorded at the lower of net realizable value and cost (which includes acquisition, development, administrative and carrying costs).

**Interest capitalization**

Interest is capitalized on debt-financed housing and land projects at rates established at individual project commitment dates, based on approximate market rates at the time.

**Mortgages and loans**

Mortgages and loans are recorded at cost less an allowance for loan impairment. Cost includes amounts advanced, accrued interest and other charges, less repayments and subsidies.

The allowance for loan impairment adjusts the carrying amounts of individual accounts to net realizable value. The allowance is determined on the basis of a review of clients' loan payment records, and an assessment of the realizable value of mortgage security where applicable.

**Cash and cash equivalents (short-term indebtedness)**

Cash and cash equivalents (short-term indebtedness) consists of cash on hand, balances with banks, and investments in money market instruments, net of outstanding cheques. Cash equivalents are carried at cost, which approximates market value.

**Saskatchewan Mortgage Guarantee Program**

Losses on individual mortgage guarantees are provided for on the basis of claims received and mortgage arrears as reported to the Corporation by lenders.

**Home Improvement Program - Loan guarantees**

Losses on individual loan guarantees are provided for on the basis of claims submitted by lenders. Subsequent cash recoveries of principal and interest from borrowers are recorded as other income.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

December 31, 1999

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement uncertainty that is material to these financial statements exists in determining the economic useful life of housing projects, the valuation of land held for future development, and the valuation of mortgages and loans. In determining the recognized amounts for amortization of investments in housing projects and for asset valuation allowances, the Corporation performs periodic assessments of prevailing business and economic conditions. Management believes that the recognized amounts are unlikely to change by a material amount in the near term.

### NOTE 3: INVESTMENT IN HOUSING PROJECTS
*(thousands)*

#### a) Carrying Amount

| | | | 1999 | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Carrying Amount | Carrying Amount |
| Wholly-owned housing projects | $ 146,568 | $ 12,733 | $ 133,835 | $ 129,359 |
| Housing investment | 166,211 | 29,197 | 137,014 | 145,506 |
| Construction | 4,394 | --- | 4,394 | 3,103 |
| | **$ 317,173** | **$ 41,930** | **$ 275,243** | **$ 277,968** |

The carrying amount of Investment in housing projects is dependent upon the continued receipt of contributions from the General Revenue Fund and from CMHC.

Housing investment represents the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC and municipalities in consideration for an ownership interest in the housing projects.

The Corporation and CMHC have executed a Declaration of Trust by which the Corporation is trustee for CMHC's ownership interest in partnership and 100% CMHC-owned housing projects. CMHC's ownership interest will be earned by the Corporation over the remainder of each project's CMHC subsidy commitment period, in amounts which correspond to CMHC's annual amortization of the assets. Accordingly, no increase in capital assets was recorded by the Corporation.

#### b) Changes in Estimates used for Amortization

During 1999 the Corporation reviewed the estimates used to determine how its investments in housing projects are amortized. The review resulted in adjusting amortization periods to reflect current estimates of useful life and adjusting the sinking fund interest rate used to amortize projects to reflect current circumstances. The adjustments represent changes in accounting estimates, which accordingly are allocated to 1999 and future periods. The effect for 1999 is an increase in amortization expense of $15,180,000, representing $12,256,000 related to the reduction in estimated useful life and $2,924,000 related to the change in sinking fund interest rate.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

December 31, 1999

### NOTE 4: LAND
*(thousands)*

| | | | 1999 | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Provision for Loss | Carrying Amount | Carrying Amount |
| Developed and under development | $ 7,978 | $ 3,601 | $ 4,377 | $ 3,267 |
| Held for future development | 13,952 | 12,293 | 1,659 | 2,093 |
| | $ 21,930 | $ 15,894 | $ 6,036 | $ 5,360 |

### NOTE 5: MORTGAGES AND LOANS
*(thousands)*

| | 1999 | 1998 |
|---|---|---|
| Mortgages | $ 5,472 | $ 4,497 |
| Home Improvement Program loans | 1,414 | 2,034 |
| Other loans | 442 | 504 |
| | $ 7,328 | $ 7,035 |
| Less: Allowance for loan impairment | 2,358 | 3,039 |
| | $ 4,970 | $ 3,996 |

Included in Mortgages and loans are impaired loans as follows:

| | Amortized Cost | Allowance for Loan Impairment | 1999 Carrying Amount | 1998 Carrying Amount |
|---|---|---|---|---|
| Mortgages | $ 1,517 | $ 844 | $ 673 | $ 824 |
| Home Improvement Program loans | 1,414 | 1,414 | --- | --- |
| Other loans | 106 | 100 | 6 | 7 |
| | $ 3,037 | $ 2,358 | $ 679 | $ 831 |

The allowance for loan impairment includes an allowance of $150,000 (1998 - $150,000) established collectively against a group of mortgages totalling $592,000 (1998 - $722,000).

Included in Rents and other income are cash recoveries of principal and interest from Home Improvement Program clients totalling $385,000 (1998 - $726,000).

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 6: LONG-TERM DEBT

| | | 1999 | 1998 |
|---|---|---|---|
| Advances repayable to the General Revenue Fund (thousands): | | | |
| **Year Repayable** | **Weighted Average Interest Rate (%)** | | |
| 1999 | 10.34 | $ - - - | $ 35,578 |
| 2000 | 12.47 | 30,961 | 30,961 |
| 2001 | 15.51 | 42,075 | 42,075 |
| 2002 | 14.76 | 59,175 | 59,175 |
| 2003 | 12.14 | 4,556 | 4,556 |
| 2008 | 5.50 | 6,500 | 6,500 |
| 2019 | 6.27 | 31,106 | - - - |
| | | $ 174,373 | $178,845 |
| Less: sinking fund equity | | 317 | - - - |
| | | $ 174,056 | $178,845 |
| Mortgages payable to CMHC, due at various dates from January 1 to September 1, 2002, secured by certain wholly-owned housing projects, repayable in monthly installments of $141,000 (1998 - $141,000) including interest at rates from 5.74% to 6.44% | | 18,298 | 18,876 |
| | | **$ 192,354** | **$197,721** |

Under conditions attached to certain advances from the General Revenue Fund, the Corporation is required to pay annually into sinking funds administered by the Department of Finance a minimum of one per cent of the advances outstanding. The investments held in the sinking funds are primarily Province of Saskatchewan debt instruments, which have a weighed average yield of 8.57%.

Principal repayments and sinking fund instalments due in each of the next five years are as follows (thousands)

| **2000** | **2001** | **2002** | **2003** | **2004** |
|---|---|---|---|---|
| $31,948 | $43,103 | $76,587 | $4,932 | $ 376 |

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

### December 31, 1999

### NOTE 7: DEFERRED FEDERAL CONTRIBUTIONS
**(*thousands*)**

**a) Expenditures of Future Periods**

| | 1999 | 1998 |
|---|---|---|
| Balance, beginning of year | $ 37,138 | $ 16,016 |
| Contributions from CMHC: | | |
| Social Housing Agreement | 60,927 | 61,053 |
| Other | 3,972 | 1,558 |
| Interest credited | 1,490 | 131 |
| Contributions allocated to capital assets | (10,683) | - - - |
| Recognized as revenue | (52,783) | (41,620) |
| **Balance, end of year** | **$ 40,061** | **$ 37,138** |

Pursuant to the Social Housing Agreement executed by the Corporation and CMHC, which took effect on January 1, 1997, CMHC will pay fixed annual contributions to the Corporation over the remainder of the CMHC subsidy commitment period for individual housing projects. The Agreement provides that at least a specified amount of the annual federal contributions must be applied toward housing programs which assist low income households, as defined in the Agreement. The portion of federal contributions that may be applied toward other housing programs within the scope of the Agreement is similarly specified. Unexpended federal contributions must be carried forward by the Corporation for use toward expenditures of future periods. Such contributions must be fully used, in accordance with the Agreement, by the Funding Expiration Date of December 31, 2038.

**b) Capital Assets**

| | 1999 | 1998 |
|---|---|---|
| Balance, beginning of year | $ 2,587 | $ 2,772 |
| Contributions allocated | 10,683 | - - - |
| Recognized as revenue | (414) | (185) |
| **Balance, end of year** | **$ 12,856** | **$ 2,587** |

Deferred federal contributions related to capital assets represent the unrecognized amount used or committed toward the acquisition or construction of housing projects. These contributions are recognized as revenue on the same basis as the amortization of the related housing projects.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 8: OTHER DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS
*(thousands)*

| | 1999 | 1998 |
|---|---|---|
| Balance, beginning of year | $ 9,534 | $ 9,567 |
| Contributions | 99 | 551 |
| Net book value of housing project disposals | (271) | (117) |
| Recognized as revenue | (6,059) | (467) |
| **Balance, end of year** | **$ 3,303** | **$ 9,534** |

This balance relates to certain housing projects transferred to the Corporation, as well as contributions provided by Saskatchewan government departments and municipalities for the construction or acquisition of housing projects. These contributions are recognized as revenue on the same basis as the amortization of the related housing projects.

### NOTE 9: LAND PROFITS HOLDING ACCOUNT
*(thousands)*

| | 1999 | 1998 |
|---|---|---|
| Balance, beginning of year | $ 2,389 | $ 2,341 |
| Profit on land sales | 1,105 | 203 |
| Interest credited | 47 | 45 |
| Payments | (641) | (200) |
| **Balance, end of year** | **$ 2,900** | **$ 2,389** |

Profits earned on land development projects are distributed according to agreements with municipalities, which specify the percentage of profits to be transferred to a holding account for social or recreational development in the municipalities, or for other purposes as deemed appropriate by the Corporation. Individual project balances are subject to release pending determination of final costs, receipt of the last lot sale proceeds, and approval by the Corporation.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 10: INTERNALLY RESTRICTED NET ASSETS
(*thousands*)

| | | | | | 1999 | 1998 |
|---|---|---|---|---|---|---|
| | Replacement Reserve | Rejuvenation Commitments | Northern Initiatives | Risk Reserve | Total | Total |
| Balance, beginning of year | $ 7,524 | $ 564 | $5,258 | $12,662 | $26,008 | $ 28,589 |
| Transfers from Unrestricted net assets | 2,036 | 1,939 | --- | 761 | 4,736 | 2,992 |
| Expenditures | (2,170) | (564) | (3,118) | --- | (5,852) | (5,573) |
| Net transfers from (to) Unrestricted net assets | $ (134) | $1,375 | $ (3,118) | $ 761 | $ (1,116) | $ (2,581) |
| **Balance, end of year** | **$ 7,390** | **$ 1,939** | **$ 2,140** | **$ 13,423** | **$ 24,892** | **$ 26,008** |

**Replacement Reserve**

The Corporation makes an internal restriction of net assets each year to provide for replacement of appliances and for building renovations. As expenditures are incurred they are charged to operations, with a corresponding reduction to the reserve balance. For 1999 the expenditures exceeded the annual provision by $134,000 (1998 -$511,000).

**Rejuvenation Commitments**

The Corporation and public housing authorities controlled by the Corporation enter into contracts for rejuvenation of housing projects. An internal restriction of net assets has been made to reflect outstanding commitments under rejuvenation contracts as of December 31, 1999.

**Northern Initiatives**

Pursuant to a multi-year strategy for the delivery of housing initiatives in northern Saskatchewan, net assets have been internally restricted to provide forgivable loans to low income families and to developers for the construction of home ownership and rental accommodation, respectively, and to enable low income homeowners to undertake necessary home repairs.

**Risk Reserve**

The Social Housing Agreement between CMHC and the Corporation provided for a one-time contribution of $11,700,000, which was received in 1997. This amount plus interest has been internally restricted for mitigating operating risks associated with the Corporation's financial responsibility for housing programs transferred from CMHC pursuant to the Agreement, and for mitigating property risks associated with housing projects.

# Saskatchewan Housing Corporation
# Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 11: FINANCIAL INSTRUMENTS
*(thousands)*

**Fair value of financial instruments**

The fair value of financial instruments represents an approximation of amounts that would have been received or paid, calculated at the reporting date, to settle these instruments prior to maturity. Carrying amounts of financial instruments represent actual amounts recorded in the consolidated balance sheet.

The fair value of accounts receivable, short-term indebtedness, and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity.

For other financial instruments, the carrying amounts and fair values are as follows (thousands):

| | 1999 | | 1998 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | **Carrying Amount** | **Fair Value** |
| Mortgages and loans | $ 4,970 | $ 4,895 | $ 3,996 | $ 4,020 |
| Long-term debt | $ 192,354 | $ 204,104 | $ 197,721 | $ 226,406 |
| Loan guarantees (note 14) | $ ---- | $ ---- | $ ---- | $ ---- |

The fair value of mortgages and loans, other than impaired accounts, is based on the present value of future cash flows discounted at the December 31 market rate of interest for like instruments with a similar term to renewal or maturity, as applicable. For impaired mortgages and loans, fair value approximates the carrying amount.

The fair value of long-term debt is based on the present value of future cash flows discounted at the December 31 market rate of interest for Province of Saskatchewan or Government of Canada debt instruments with a similar maturity date, as applicable.

The fair value of loan guarantees is not reported as it is not practically determinable, since there is no market for these guarantees.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

### December 31, 1999

### NOTE 11: FINANCIAL INSTRUMENTS, CONTINUED
*(thousands)*

**Credit risk**

Accounts receivable consist primarily of amounts due from CMHC, federal Goods and Services Tax rebates, deposit accounts and amounts due from non-profit housing sponsors, which in aggregate represent 66% (1998 - 65%) of balances outstanding.

Credit risk arises from the possibility that tenants might be unable to fulfill their lease commitments. Public housing authorities mitigate this risk by conducting rental reference checks prior to tenant placement, through well defined procedures for addressing rent arrears, and by limiting the exposure to credit loss for any one tenant.

Loan guarantees provided by the Corporation are in respect of loans advanced to individual homeowners residing in locations throughout the province, except for loans totalling $3,269,000 (1998 - $3,430,000) which were advanced to the sponsors of certain seniors housing projects. Guaranteed loans are being amortized through monthly payments and mature at various dates to the year 2000 (Home Improvement Program loans) and to the year 2023 (Saskatchewan Mortgage Guarantee Program loans). Losses relating to loan defaults are not significant to the Corporation's 1999 consolidated operations.

**Interest rate risk**

The interest rate on most mortgages and loans is renewed annually, except for impaired loans and certain residential rehabilitation loans, which were written at a fixed interest rate of 8.875% and mature over a period ending in the year 2002. Interest rates on 1999 renewals ranged from 6.20% to 7.35% (1998 - 6.20% to 6.95%).

### NOTE 12: OPERATING EXPENDITURES
*(thousands)*

| | 1999 | 1998 |
|---|---:|---:|
| Maintenance and rejuvenation | $32,935 | $29,549 |
| Grants in lieu of property taxes | 14,699 | 14,236 |
| Utilities | 12,165 | 11,622 |
| Other operating | 22,587 | 21,758 |
| | $ 82,386 | $77,165 |

# Saskatchewan Housing Corporation
# Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 13: INTEREST EXPENSE
**(thousands)**

| | 1999 | 1998 |
|---|---|---|
| Interest incurred | $ 25,891 | $ 28,195 |
| Less: Interest income | (1,048) | (1,755) |
| Interest capitalized | (310) | (401) |
| | **$ 24,533** | **$ 26,039** |

Interest incurred includes $25,067,000 (1998 - $29,031,000) paid during the year, $1,490,000 (1998 - $131,000) credited to Deferred federal contributions and $47,000 (1998 - $45,000) credited to the Land profits holding account, less a reduction in accruals of $713,000 (1998 - $1,012,000).

### NOTE 14: CONTINGENCIES

**Home Improvement Loan Program**

From 1986 to 1990 the Corporation provided loan guarantees to lenders pursuant to the Home Improvement Loan Program. Loans are guaranteed to a maximum of $10,000 and are amortized over periods not exceeding ten years. As at December 31, 1999 a total of 1,230 (1998 - 7,595) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $297,000 (1998 - $4,473,000).

**Saskatchewan Mortgage Guarantee Program**

During 1986 and 1987 the Corporation provided mortgage guarantees to lenders financing certain new housing construction. As at December 31, 1999 a total of 95 (1998 - 126) mortgage guarantees were in effect, and the outstanding balance of mortgages guaranteed was $7,495,000 (1998 - $9,225,000).

### NOTE 15: UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems might recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems might arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that might affect the Corporation, including those related to the efforts of housing sponsors, suppliers or other third parties, have been fully resolved.

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 16: COMMITMENTS

The Corporation had the following commitments as at December 31, 1999:

(a) Housing project construction and acquisitions of $1,029,000;

(b) Land development expenditures of $3,444,000;

(c) Rejuvenation expenditures of $1,939,000;

(d) Grants and subsidies:

The Corporation has issued commitments under various programs for grants or ongoing subsidy assistance to individual homeowners, developers, landlords, cooperatives and non-profit sponsors of housing. As at December 31, 1999 the Corporation's commitments for grants for which performance requirements have not been met by clients totalled $3,574,000. An estimate of the cost of ongoing subsidy assistance for the next five years is as follows (thousands):

| 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| $23,200 | $23,000 | $22,700 | $22,700 | $22,700 |

Certain of the agreements for ongoing assistance have remaining terms of up to 30 years. However, uncertainty regarding future interest rates and other economic factors precludes reasonable estimation of the Corporation's obligations for ongoing assistance beyond a five-year period.

### NOTE 17: RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, departments, and boards related to the Corporation by virtue of common control by the Government of Saskatchewan.

Transactions with related parties in the normal course of operations are settled at prevailing market prices under normal trade terms. These transactions are not significant to the Corporation's consolidated operations or financial position except as described below.

Expenditures include services provided by Saskatchewan Power Corporation (SaskPower) totalling $4,201,000 (1998 - $4,195,000) and services provided by SaskEnergy Incorporated (SaskEnergy) totalling $4,014,000 (1998 - $3,301,000). Investment in land for the year ended December 31, 1999 includes SaskPower charges of $91,000 (1998 - $41,000) and SaskEnergy charges of $39,000 (1998 - $23,000). Accounts payable and accruals includes $213,000 (1998 - $207,000) payable to SaskPower and $186,000 (1998 - $194,000) payable to SaskEnergy.

The Corporation pays Saskatchewan Education and Health Tax on all its taxable purchases. Taxes paid are recorded as part of the cost of such purchases.

Interest expense incurred includes interest charges of $23,045,000 (1998 - $26,814,000) on long-term advances repayable to the General Revenue Fund. Accrued interest payable to the General Revenue Fund at December 31, 1999 totalled $5,027,000 (1998 - $5,737,000).

## Saskatchewan Housing Corporation
## Notes to Consolidated Financial Statements

## December 31, 1999

### NOTE 17: RELATED PARTY TRANSACTIONS, CONTINUED

The Department of Municipal Affairs, Culture and Housing provides management services to the Corporation at no charge, except for amounts chargeable to housing operations in accordance with agreements between SHC and CMHC; such charges are based upon the Department's actual costs. These charges totalled $4,584,000 (1998 - $4,434,000) and are included in Expenditures. As at December 31, 1999, Accounts payable and accruals included $128,000 (1998 - $1,301,000) payable to the Department of Municipal Affairs, Culture and Housing on account of the above charges, as well as other administrative recoveries.

Other transactions with and amounts due to related parties are described separately in these consolidated financial statements and the notes thereto.

### NOTE 18: COMPARATIVE INFORMATION

Certain 1998 financial information has been reclassified to conform with the 1999 presentation.

# AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Property Management Corporation as at March 31, 2000, and the statements of revenue, expenses and net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2000, and the results of its operations and the changes in its cash flows for the year then ended in accordance with accounting principles generally accepted in Canada.

Ernst & Young LLP

Regina, Canada
April 28, 2000

Chartered Accountants

## Saskatchewan Property Management Corporation
## Statement of Financial Position

*As at March 31*
*(Thousands of dollars)*

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | **Operating** | **Capital** | **Total** | **Total** |
| **Assets** | | | | |
| Real estate investments (note 3) | 27,561 | 332,020 | 359,581 | 359,197 |
| Equipment (note 4) | - | 28,343 | 28,343 | 39,443 |
| Other assets (note 5) | 7,038 | - | 7,038 | 7,882 |
| Accounts receivable | 19,527 | 1,420 | 20,947 | 22,109 |
| Cash and marketable securities | 1,000 | - | 1,000 | 1,767 |
| | 55,126 | 361,783 | 416,909 | 430,398 |
| **Liabilities and net assets** | | | | |
| Capital lease obligations (note 6) | 49,230 | - | 49,230 | 52,737 |
| Accounts payable | 13,253 | 3,538 | 16,791 | 19,436 |
| Deferred capital contributions (note 7) | - | 280,413 | 280,413 | 281,703 |
| | 62,483 | 283,951 | 346,434 | 353,876 |
| Net assets | (7,357) | 77,832 | 70,475 | 76,522 |
| | 55,126 | 361,783 | 416,909 | 430,398 |

Commitments and contingencies (notes 6, 10, 14 and 15)

*(See accompanying notes)*

On behalf of the Board:

Doreen E. Hamilton

Hagel.

## Saskatchewan Property Management Corporation
## Statement of Revenue, Expenses and Net Assets

*For the year ended March 31*
*(Thousands of dollars)*

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | **Operating** | **Capital** | **Total** | **Budget** (unaudited) | **Total** |
| **Revenue** (notes 7 and 12) | | | | | |
| Accommodation | 98,573 | 15,847 | 114,420 | 112,677 | 109,785 |
| Vehicles | 24,032 | - | 24,032 | 24,082 | 22,992 |
| Grants | 18,079 | - | 18,079 | 17,972 | 21,867 |
| Other services | 23,347 | 121 | 23,468 | 19,174 | 21,439 |
| | 164,031 | 15,968 | 179,999 | 173,905 | 176,083 |
| **Expenses** | | | | | |
| Lease | 28,610 | - | 28,610 | 34,369 | 29,436 |
| Property management (note 8) | 68,295 | - | 68,295 | 63,426 | 71,466 |
| Interest - capital lease | 5,882 | - | 5,882 | 5,738 | 6,152 |
| Depreciation | 3,293 | 21,773 | 25,066 | 25,348 | 25,847 |
| General operations (note 8) | 50,140 | - | 50,140 | 49,333 | 45,052 |
| | 156,220 | 21,773 | 177,993 | 178,214 | 177,953 |
| Excess of revenue (expenses) before: | 7,811 | (5,805) | 2,006 | (4,309) | (1,870) |
| Loss on capital assets | (11) | (414) | (425) | (200) | (689) |
| SaskGeomatics operations (note 14) | (319) | (2,071) | (2,390) | (1,672) | (4,109) |
| **Excess of revenue (expenses)** | 7,481 | (8,290) | (809) | (6,181) | (6,668) |
| Net assets, beginning of year | (11,521) | 88,043 | 76,522 | | 82,690 |
| Contribution for land from Government of Saskatchewan - General Revenue Fund | - | 656 | 656 | | 500 |
| Transfer of SaskGeomatics (note 14) | (4) | (5,890) | (5,894) | | - |
| Transfer between funds | (3,313) | 3,313 | - | | - |
| **Net assets, end of year** | (7,357) | 77,832 | 70,475 | | 76,522 |

*(See accompanying notes)*

## Saskatchewan Property Management Corporation
## Statement of Cash Flows
*For the year ended March 31*
*(Thousands of dollars)*

| | 2000 | 1999 |
|---|---|---|
| **Operating activities** | | |
| Excess of revenue (expenses) | (809) | (6,668) |
| Non-cash items affecting operations | | |
| Depreciation | 25,066 | 25,847 |
| Amortization of deferred capital contributions | (15,968) | (17,047) |
| SaskGeomatics operations - depreciation and amortization of deferred capital contributions | 2,051 | 2,770 |
| Loss on capital assets | 425 | 689 |
| Recovery of SaskGeomatics working capital | 1,270 | - |
| Changes in non-cash working capital | | |
| Accounts receivable | (2,983) | 1,095 |
| Other assets | 170 | (475) |
| Accounts payable | (3,163) | (1,261) |
| | 6,059 | 4,950 |
| **Investing activities** | | |
| Purchases of capital assets | (26,813) | (15,179) |
| Proceeds from sale of capital assets | 2,818 | 2,387 |
| Change in accounts payable | 1,023 | 1,181 |
| | (22,972) | (11,611) |
| **Financing activities** | | |
| Proceeds of deferred capital contributions | 15,926 | 9,196 |
| Repayment of capital lease obligations | (3,502) | (2,981) |
| Proceeds of contributions for land purchases | 656 | - |
| Change in accounts receivable | 3,066 | (1,288) |
| | 16,146 | 4,927 |
| **Decrease in cash and marketable securities** | (767) | (1,734) |
| **Cash and marketable securities, beginning of year** | 1,767 | 3,501 |
| **Cash and marketable securities, end of year** | 1,000 | 1,767 |
| Cash and marketable securities consist of: | | |
| Cash (bank overdraft) | (2,800) | (2,473) |
| Marketable securities with maturities less than 30 days [5.25% (1999 – 5.16%)] | 3,800 | 4,240 |
| | 1,000 | 1,767 |

*(See accompanying notes)*

## Saskatchewan Property Management Corporation
## Notes to the Financial Statements

*March 31, 2000*

*(Thousands of dollars)*

### 1. Status of the corporation

The Saskatchewan Property Management Corporation ("SPMC" or "the corporation") was established under *The Crown Corporations Act, 1978*, by Order-in-Council #357-86 of 1986, and continues under *The Saskatchewan Property Management Corporation Act.* By virtue *of The Crown Corporations Act, 1993*, SPMC has been designated as a provincial Treasury Board Crown corporation. Accordingly, the financial results of the corporation are included in the summary financial statements of the Province of Saskatchewan. As a provincial Crown corporation, SPMC is not subject to federal income tax, provincial income tax, federal large corporations tax or goods and services tax.

The corporation was established to provide a full range of accommodation, commercial and custodial services to government departments, agencies and Crown corporations.

### 2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

**a) Fund accounting**

The corporation's financial position and operating activities have been divided into the following major groupings:

i) Operating fund

The Operating fund includes net assets and income generated from the operations of the corporation. The Operating fund includes the capital assets under capital lease. Revenue includes charges for accommodation and commercial services and grants received from the Government of Saskatchewan - General Revenue Fund for custodial services. Expenses relate to the delivery of these services.

ii) Capital fund

The Capital fund includes the capital assets to which the corporation has legal title. Revenue consists of the annual amortized portion of contributions received from the Government of Saskatchewan - General Revenue Fund for the construction, purchase or development of capital assets (Note 2(b)).

**b) Revenue recognition - Capital fund**

Contributions received or receivable from the Government of Saskatchewan - General Revenue Fund for the construction, purchase or development of depreciable capital assets, including assets transferred from the Government of Saskatchewan - General Revenue Fund, are deferred and amortized to revenue on the same basis as the related capital asset is depreciated. Contributions received from the Government of Saskatchewan - General Revenue Fund for the purchase or development of non-depreciable capital assets such as land, including non-depreciable capital assets transferred from the Government of Saskatchewan - General Revenue Fund, are recognized as direct increases in the net asset balance in the year of acquisition.

Other amounts received or receivable from other sources during construction or development reduce the cost of the related asset.

c) **Capital assets**

i) Real estate investments

Properties contributed by the Government of Saskatchewan - General Revenue Fund are stated at appraised value approximating the government's depreciated historical cost at the date of transfer, determined by techniques generally accepted in the appraisal industry. Properties purchased or constructed by the corporation are stated at cost.

Properties acquired under capital lease arrangements are stated at the lesser of the present value of the minimum lease payments and the fair market value of the leased property.

The corporation capitalizes all direct costs relating to projects under construction including general, administrative and interest expenses.

Depreciation on buildings is recorded on a straight-line basis over their estimated useful lives. The estimated useful lives of buildings are between one and 55 years. The average estimated useful life approximates 20 years.

ii) Equipment

Equipment purchased by the corporation is stated at cost.

Depreciation on equipment is recorded on a straight-line basis over the estimated useful life of the asset. The estimated useful lives range from two to 10 years.

Capital assets that can no longer be used by the corporation for their intended purpose are written down to net realizable value.

d) **Inventories of parts and supplies**

Inventories of parts and supplies are stated at the lower of cost as determined on a first in, first out basis and replacement cost.

e) **Cash and marketable securities**

The corporation's marketable securities are considered to be cash equivalents and are recorded at cost, which approximates market value.

f) **New accounting standards**

The Statement of Cash Flows for the year ended March 31, 1999 has been restated to reflect the new requirements under Section 1540 of the Canadian Institute of Chartered Accountants (CICA) Handbook, *Cash Flow Statements*. Reported cash flows continue to be classified by operating, financing and investing activities. The new disclosure does not impact the reported cash flows.

### 3. Real estate investments

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Land | Buildings | Total | Total |
| **Operating fund** | | | | |
| In operation - under capital lease | - | 65,748 | 65,748 | 66,629 |
| Accumulated depreciation | - | (38,187) | (38,187) | (35,775) |
| | - | 27,561 | 27,561 | 30,854 |
| **Capital fund** | | | | |
| In operation | 46,462 | 460,077 | 506,539 | 501,350 |
| Under construction | 1,156 | 22,858 | 24,014 | 10,059 |
| Held for disposal | 18 | 331 | 349 | 327 |
| | 47,636 | 483,266 | 530,902 | 511,736 |
| Accumulated depreciation | - | (198,882) | (198,882) | (183,393) |
| | 47,636 | 284,384 | 332,020 | 328,343 |
| | 47,636 | 311,945 | 359,581 | 359,197 |

During 2000, the carrying value of real estate investments was reduced by 45 (1999 - 259) to reflect the reduced value of assets that can no longer be used by the corporation for their intended purpose.

No interest expense was capitalized during the year (1999 – nil).

### 4. Equipment

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Total | Total |
| **Operating fund** | | | | |
| Other | - | - | - | 11 |
| **Capital fund** | | | | |
| Vehicles | 54,980 | (33,767) | 21,213 | 21,761 |
| Aircraft | 8,278 | (2,415) | 5,863 | 5,939 |
| Geographic information system | - | - | - | 10,013 |
| Furniture | 1,261 | (959) | 302 | 630 |
| Other | 1,648 | (683) | 965 | 1,089 |
| | 66,167 | (37,824) | 28,343 | 39,432 |
| | 66,167 | (37,824) | 28,343 | 39,443 |

During the year, the carrying value of equipment was reduced by 33 (1999 - 221) to reflect the reduced value of assets that can no longer be used by the corporation for their intended purpose.

## 5. Other assets

| | 2000 | 1999 |
|---|---|---|
| Inventories of parts and supplies | 4,153 | 4,776 |
| Prepaid expenses | 2,885 | 3,106 |
| | 7,038 | 7,882 |

## 6. Capital and operating lease obligations

Future minimum lease payments under capital leases for buildings and operating leases for buildings and vehicles are:

| Fiscal year | Capital leases | Operating leases |
|---|---|---|
| 2000-01 | 12,597 | 25,960 |
| 2001-02 | 12,543 | 20,242 |
| 2002-03 | 12,226 | 16,678 |
| 2003-04 | 11,768 | 12,345 |
| 2004-05 | 11,275 | 9,278 |
| Subsequently | 57,291 | 20,640 |
| | 117,700 | 105,143 |
| Less: | | |
| Interest implicit in leases at an average rate of 12.63% | 35,693 | |
| Executory costs | 32,777 | |
| | 68,470 | |
| | 49,230 | |

Capital leases expire at various dates up to May 31, 2012.

## 7. Deferred capital contributions

| | 2000 | 1999 |
|---|---|---|
| Balance, beginning of year | 281,703 | 289,910 |
| Contributions received or receivable from the Government of Saskatchewan - General Revenue Fund | 15,926 | 9,195 |
| Transfer of SaskGeomatics (note 14) | (981) | - |
| Contributions amortized to revenue | (15,968) | (17,046) |
| SaskGeomatics operations – amortized contributions (note 14) | (267) | (356) |
| Balance, end of year | 280,413 | 281,703 |

## 8. Expenses by object

Property management and general operations expenses on the Statement of Revenue, Expenses and Net Assets are reported by object as follows:

| | 2000 | 1999 |
|---|---|---|
| Salaries and benefits | 36,138 | 34,009 |
| Goods and services for resale | 40,277 | 34,064 |
| Utilities | 11,479 | 10,768 |
| Property maintenance | 9,615 | 7,286 |
| Other property management | 13,768 | 23,936 |
| Other general operations | 7,158 | 6,455 |
| Total property management and general operations expenses | 118,435 | 116,518 |

## 9. Comparison of budget and actual results

The Board of Directors approves the corporation's budget. The budget disclosed in the financial statements is restated to the accrual basis for comparative purposes.

Treasury Board and the Legislative Assembly approve the level of grant funding provided to the corporation.

## 10. Commitments and contingencies

At March 31, 2000 the corporation has construction and capital purchase commitments of 19,475 (1999 – 34,020).

In the normal course of business, SPMC becomes involved in various claims and legal proceedings. The final outcome of claims and legal proceedings pending at March 31, 2000 cannot be predicted with certainty. The corporation has provided for these claims in accordance with the advice received from legal counsel. The differences that may arise, between the amounts included in the corporation's accounting records and future settlements, are not expected to have a significant impact on the corporation's financial position or operating results.

## 11. Pension

Substantially all employees of the corporation are participants in either defined contribution or defined benefit pension plans.

Employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan, a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the corporation.

Employees hired prior to October 1, 1977, who did not elect to transfer to the Public Employees Pension Plan by October 1, 1978, make contributions to the Public Service Superannuation Plan, a defined-benefit plan. The plan provides for pensions at retirement which are based on employees' years of service and their highest five years' earnings. The corporation does not make contributions to this plan. Pension obligations for this plan are the responsibility of the Government of Saskatchewan - General Revenue Fund.

## 12. Related party transactions

The corporation receives substantially all of its revenues from Saskatchewan Crown-controlled departments, agencies, corporations and public institutions. These revenues are determined primarily on the basis of recovery of costs incurred by the corporation. As a result, substantially all of the corporation's year-end accounts receivable are due from related departments, agencies, corporations and public institutions.

The corporation's financial statements include expenses such as rents, vehicle licenses, electrical and natural gas, telecommunication and data line (network) purchases, and employee benefit costs that result from routine operating transactions conducted at agreed upon rates with various related Saskatchewan Crown-controlled departments, agencies, corporations and public institutions.

The account balances resulting from purchases with related parties are included in the statement of financial position and are settled in normal trade terms. These transactions and amounts outstanding at year-end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Statement of Financial Position | | |
| Capital lease obligations | 8,442 | 8,709 |
| Accounts payable | 3,268 | 3,511 |
| Statement of Revenue, Expenses and Net Assets | | |
| Lease | 1,911 | 1,849 |
| Property management | 10,767 | 10,188 |
| Interest - capital lease | 1,311 | 1,349 |
| General operations | 4,676 | 5,369 |

Other amounts payable to related parties and the terms of settlement are disclosed separately in these financial statements.

## 13. Financial instruments

| | 2000 | 1999 |
|---|---|---|
| Capital lease obligations | | |
| Carrying amount | 49,230 | 52,737 |
| Fair value | 62,017 | 69,442 |

The fair value of the corporation's capital lease obligations is determined using year-end market rates. The carrying value of all other financial instruments including cash and marketable securities, accounts receivable and accounts payable approximates fair value as a result of the short period to maturity.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. SPMC is not exposed to significant credit risk. The majority of the corporation's accounts receivable are owing from Saskatchewan Crown-controlled departments, agencies, corporations and public institutions.

## 14. Transfer of SaskGeomatics

Order-in-Council #730 of 1999 created the Saskatchewan Land Information Services Corporation ("SLISC"), a related party. SLISC assumed responsibility for the SaskGeomatics program operated by SPMC. The assets and liabilities of the program were transferred to SLISC effective January 1, 2000. The carrying value of assets and liabilities transferred were:

| | Operating fund | Capital fund | Total |
|---|---|---|---|
| Equipment | 9 | 8,106 | 8,115 |
| Deferred capital contributions | - | (981) | (981) |
| Capital lease obligation | (5) | - | (5) |
| Accounts receivable | 1,615 | - | 1,615 |
| Other assets | 514 | - | 514 |
| Accounts payable | (505) | - | (505) |
| Total | 1,628 | 7,125 | 8,753 |
| Consideration received or receivable | (1,624) | (1,235) | (2,859) |
| Reduction in net assets | 4 | 5,890 | 5,894 |

As of March 31, 2000, an assessment of the fair market value of the SaskGeomatics' Capital fund assets has not been finalized. SPMC may receive additional consideration upon completion of this assessment. The consideration will be recognized as an increase to net assets in the year the assessment is finalized.

The impact of SaskGeomatics on operations has been removed from revenue and expenses and disclosed separately. 1999 amounts have been reclassified to conform to the current year's presentation.

## 15. Uncertainty related to the Year 2000 issue

The Year 2000 Issue arose because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems could have recognized the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates was processed. In addition, similar problems may have arisen in some systems that used certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

PRICEWATERHOUSECOOPERS

April 27, 2000

## Auditors' Report

**To the Members of the Legislative Assembly**
**Province of Saskatchewan**

We have audited the statement of financial position of **Saskatchewan Wetland Conservation Corporation** as at March 31, 2000 and the statements of revenue, expenditures and funds available for future operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

**Chartered Accountants**

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and other members of the worldwide PricewaterhouseCoopers organization.

# Saskatchewan Wetland Conservation Corporation

## Statement of Financial Position

**As at March 31, 2000**

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | - | 229,636 |
| Accounts receivable | 1,081,395 | 341,547 |
| Prepaid expenses | 11,531 | 9,760 |
| | 1,092,926 | 580,943 |
| **Capital assets, at cost** (note 4) | 5,363,851 | 5,375,199 |
| **Less: Accumulated depreciation** | 166,539 | 173,652 |
| | 5,197,312 | 5,201,547 |
| | 6,290,238 | 5,782,490 |
| **Liabilities and Fund Balance** | | |
| **Current liabilities** | | |
| Bank indebtedness | 349,036 | - |
| Accounts payable | 287,048 | 135,621 |
| Deferred revenue (note 6) | 163,529 | 159,169 |
| | 799,613 | 294,790 |
| **Investment in capital assets** | 5,197,312 | 5,201,547 |
| **Funds available for future operations** | 293,313 | 286,153 |
| | 6,290,238 | 5,782,490 |

**Approved by the Board of Directors**

R G Ruggles Director

Gary Garrioch Director

# Saskatchewan Wetland Conservation Corporation

## Statement of Revenues, Expenditures and Funds Available for Future Operations

**For the year ended March 31, 2000**

| | Budget (unaudited – see note 10) $ | 2000 $ | 1999 $ |
|---|---|---|---|
| **Revenue** | | | |
| Canadian | | | |
| Government of Saskatchewan | | | |
| – General Revenue Fund | 528,200 | 531,500 | 505,000 |
| – Fish and Wildlife Development Fund | 132,480 | 125,604 | 52,328 |
| Canadian Wildlife Service | 290,440 | 280,000 | 507,000 |
| Prairie Farm Rehabilitation Administration | 489,414 | 485,708 | 103,243 |
| Environment Canada | 115,917 | 130,051 | 101,108 |
| Agriculture Institute of Management in Saskatchewan Inc. | - | - | 14,710 |
| Millennium Bureau of Canada | 229,000 | 177,736 | - |
| Wildlife Habitat Canada | 26,400 | 26,400 | 13,500 |
| Other Canadian | 295,590 | 306,529 | 197,001 |
| United States | | | |
| United States Fish and Wildlife Service | 153,500 | 134,747 | 173,237 |
| United States – State | 73,147 | 43,441 | 60,510 |
| Unites States – Other | 138,654 | 100,379 | 54,960 |
| National Fish and Wildlife Foundation | 58,300 | 58,094 | 88,033 |
| | 2,531,042 | 2,400,189 | 1,870,630 |
| **Other income** (note 5) | 32,000 | 33,578 | 46,337 |
| | 2,563,042 | 2,433,767 | 1,916,967 |
| **Expenditures** | | | |
| Program (Schedule 1) | | | |
| Agricultural services | 121,280 | 92,815 | 88,304 |
| Biological services | 290,100 | 278,324 | 181,775 |
| Communications and marketing | 208,486 | 239,318 | 195,435 |
| International programs | 60,319 | 62,546 | 110,490 |
| Prairie shores | 260,301 | 195,297 | 215,020 |
| Program co-ordination | 322,000 | 307,525 | 326,165 |
| Program development | 75,000 | 72,141 | 76,294 |
| Stewardship | 817,892 | 614,173 | 329,572 |
| | 2,155,378 | 1,862,139 | 1,523,055 |
| Other | | | |
| Capital asset acquisitions | 5,000 | 22,092 | 5,526 |
| Payments to delivering partners | 402,664 | 542,376 | 382,988 |
| | 2,563,042 | 2,426,607 | 1,911,569 |
| **Excess of revenue over expenditures for the year** | - | 7,160 | 5,398 |
| **Funds available for future operations at beginning of year** | 286,153 | 286,153 | 280,755 |
| **Funds available for future operations at end of year** | 286,153 | 293,313 | 286,153 |

# Saskatchewan Wetland Conservation Corporation

Statement of Cash Flows

**For the year ended March 31, 2000**

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Excess of revenue over expenditures for the year | 7,160 | 5,398 |
| Net change in non-cash working capital items (note 7) | (585,832) | (56,306) |
| **Decrease in cash during the year** | (578,672) | (50,908) |
| **Cash – Beginning of year** | 229,636 | 280,544 |
| **Cash (bank indebtedness) – End of year** | (349,036) | 229,636 |

# Saskatchewan Wetland Conservation Corporation

Notes to Financial Statements

**March 31, 2000**

## 1 Incorporation and reporting of Saskatchewan Wetland Conservation Corporation

Saskatchewan Wetland Conservation Corporation was incorporated by Order-in-council December 21, 1989 under the Crown Corporations Act, 1978. The corporation's mandate under the incorporation Order-in-council is to co-ordinate the delivery of the North American Waterfowl Management Plan in Saskatchewan. The North American Waterfowl Management Plan was formally adopted on May 14, 1986 by the Federal Governments of Canada and the United States as a plan for conservation of internationally shared waterfowl resources.

Under the authority of Order-in-council No. 29/90 dated January 10, 1990, Saskatchewan Wetland Conservation Corporation holds responsibility to co-ordinate or account for the collection and disbursements of monies related to programs or activities undertaken in Saskatchewan pursuant to the North American Waterfowl Management Plan. These financial statements report only those monies designated to be collected and distributed through the accounts of the corporation.

## 2 Summary of significant accounting policies

This summary of significant accounting policies provides a description of the accounting methods and practices that have been used in the preparation of these financial statements.

### General principles

The corporation has adopted the accrual basis of accounting.

### Capital assets

Capital asset acquisitions are expensed during the year of purchase. To maintain accountability for these capital assets, the cost, net of a charge for depreciation, is reflected on the statement of financial position as an asset with an offsetting equity balance. Charges for depreciation are based on the declining-balance method at rates ranging from 20% to 30%.

Donated property is recorded at fair value when the fair value can be reasonably determined. When an estimate of fair value can not reasonably be made, the capital asset is recorded at nominal value.

## 3 Related party transaction

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

# Saskatchewan Wetland Conservation Corporation
Notes to Financial Statements
**March 31, 2000**

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| Revenue | 658,218 | 566,421 |
| Expenses | 181,174 | 159,720 |
| Accounts receivable | 59,300 | 7,142 |
| Accounts payable and accrued liabilities | 14,647 | 4,124 |
| Deferred revenue | 71,801 | 23,701 |

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 4 Capital assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost<br>$ | Accumulated amortization<br>$ | Net<br>$ | Net<br>$ |
| Land | 6,000 | - | 6,000 | 6,000 |
| Donated land and transfers | 5,141,589 | - | 5,141,589 | 5,141,589 |
| Equipment and furniture | 57,798 | 41,713 | 16,085 | 19,669 |
| ATV and trailers | 63,533 | 58,271 | 5,262 | 7,518 |
| Computer equipment | 94,041 | 66,555 | 27,486 | 25,881 |
| Artwork | 890 | - | 890 | 890 |
| | 5,363,851 | 166,539 | 5,197,312 | 5,201,547 |

## 5 Other income

Other income is comprised as follows:

| | 2000<br>$ | 1999<br>$ |
|---|---|---|
| Interest earned | 8,869 | 22,776 |
| Miscellaneous revenues including exchange gain | 3,702 | 2,375 |
| Crown land fees and permits | 21,007 | 21,186 |
| | 33,578 | 46,337 |

# Saskatchewan Wetland Conservation Corporation

Notes to Financial Statements

**March 31, 2000**

## 6 Deferred revenue

At year-end, the Corporation has received funding for various projects but has not yet completed the projects. Revenue deferred to cover expenditures associated with those projects has been received from the following organizations:

| | 2000<br>$ | 1999<br>$ |
|---|---:|---:|
| TransCanada Pipeline | 71,159 | 112,319 |
| Saskatchewan Environment Resource Management | 55,000 | - |
| Fish and Wildlife Development fund | 12,877 | 23,701 |
| Other | 24,493 | 23,149 |
| | 163,529 | 159,169 |

## 7 Net change in non-cash working capital items

| | 2000<br>$ | 1999<br>$ |
|---|---:|---:|
| Accounts receivable | (739,848) | (160,451) |
| Prepaid expenses | (1,771) | (6,411) |
| Accounts payable | 151,427 | 66,289 |
| Deferred revenue | 4,360 | 44,267 |
| | (585,832) | (56,306) |

## 8 Financial instruments

The Corporation's recognized financial instruments consist of bank indebtedness, accounts receivable and accounts payable. Due to the short term nature of these instruments, their fair value approximates their carrying value.

## 9 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## 10 Budget figures

The budget figures are presented for comparison purposes, are unaudited, and are those as approved by the Board, reclassified to conform with the presentation of these financial statements.

# Saskatchewan Wetland Conservation Corporation

Schedule 1 – Program Expenditures

**For the year ended March 31, 2000**

| | Departments | | | | | | | | Year ended March 31 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Agricultural services $ | Biological services $ | Communication and marketing $ | International programs $ | Prairie shores $ | Program co-ordination $ | Program development $ | Stewardship $ | 2000 $ | 1999 $ |
| Contractual services | 3,775 | 38,471 | 34,289 | 128 | 4,705 | 15,491 | 50 | 113,084 | 209,993 | 274,292 |
| Field supplies | 1,301 | 31,714 | 1,968 | 1,452 | 14,498 | 2,150 | - | 73,465 | 126,548 | 87,780 |
| General expenses | 25,969 | 5,741 | 60,175 | 8,286 | 58,026 | 29,928 | 554 | 62,627 | 251,306 | 140,128 |
| Office expenses | 11,194 | 11,833 | 18,319 | 2,106 | 4,328 | 50,128 | 1,640 | 14,868 | 114,416 | 99,261 |
| Salaries and benefits | 43,449 | 175,084 | 112,064 | 45,456 | 106,500 | 187,877 | 69,136 | 326,308 | 1,065,874 | 833,233 |
| Travel and other staff costs | 7,127 | 15,481 | 12,503 | 5,118 | 7,240 | 21,951 | 761 | 23,821 | 94,002 | 88,361 |
| | 92,815 | 278,324 | 239,318 | 62,546 | 195,297 | 307,525 | 72,141 | 614,173 | 1,862,139 | 1,523,055 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Doukhobors of Canada C.C.U.B. Trust Fund Board as at May 31, 1999 and the statement of revenue, expense and unrestricted fund balance for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at May 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
September 9, 1999

Wayne Strelioff, CA
Provincial Auditor

Statement 1

## DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
## BALANCE SHEET
## As at May 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Cash in bank | $ 1,984 | $ 653 |
| Investments (Schedule 1) | 285,778 | 285,727 |
| Accrued interest receivable | 8,910 | 8,756 |
| Total assets | $ 296,672 | $ 295,136 |
| **LIABILITIES AND FUND BALANCE** | | |
| Liabilities | | |
| Accounts payable | $ 762 | $ 1,181 |
| Fund Balance | | |
| Restricted (Note 3) | 267,500 | 267,500 |
| Unrestricted (Statement 2) | 28,410 | 26,455 |
| Total fund balance | 295,910 | 293,955 |
| Total liabilities and fund balance | $ 296,672 | $ 295,136 |

(See accompanying notes to the financial statements)

Statement 2

# DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
## STATEMENT OF REVENUE, EXPENSE AND UNRESTRICTED FUND BALANCE
For the Year Ended May 31

| | 1999 | 1998 |
|---|---|---|
| **REVENUE:** | | |
| Investment interest | $ 19,574 | $ 19,268 |
| **EXPENSE:** | | |
| Grants | 13,500 | 14,684 |
| Board expense | 2,231 | 3,219 |
| Sundry expense | 1,888 | 1,589 |
| Total expense | 17,619 | 19,492 |
| Excess of revenue over expense for the year | 1,955 | (224) |
| Unrestricted Fund, beginning of year | 26,455 | 26,679 |
| Unrestricted Fund, end of year (Statement 1) | $ 28,410 | $ 26,455 |

(See accompanying notes to the financial statements)

# DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
## NOTES TO THE FINANCIAL STATEMENTS
## May 31, 1999

### 1. Significant Accounting Policies

The financial statements are prepared on the accrual basis of accounting and include the following significant accounting policies:

a) Investments

Investments are recorded at amortized cost. Premiums/discounts are amortized over the term of the investment. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

b) Grant Commitments

Grant commitments are recorded as expenses when approved by the Board. Should any grants committed remain unpaid at the year end they are reflected as a liability on the balance sheet.

### 2. Incorporation

The Doukhobors of Canada C.C.U.B. Trust Fund Board was incorporated under *The Doukhobors of Canada C.C.U.B. Trust Fund Act*. This Act came into force by proclamation of the Lieutenant Governor on June 29, 1980. On June 3, 1982, by Order in Council #882 the Lieutenant Governor in Council appointed a chairman and a vice-chairman of the Board, and the Board commenced operations.

The purpose of the Board is to administer the Doukhobors of Canada C.C.U.B. Trust Fund and to make grants from this Fund to recognized non-profit organizations which are dedicated to establishing and maintaining the heritage and culture of the Doukhobors of Canada.

### 3. Restricted Fund Balance

The Fund was initially created from surplus funds arising out of the liquidation of assets of the C.C.U.B. Ltd. in the amount of $222,078 plus interest of $45,422 totalling $267,500. According to *The Doukhobors of Canada C.C.U.B. Trust Fund Act* only the investment income on this $267,500 will be made available for expenditure by the Board.

Schedule 1

## DOUKHOBORS OF CANADA C.C.U.B. TRUST FUND BOARD
## SCHEDULE OF INVESTMENTS
## As at May 31, 1999

| Description | Interest Rate | Maturity Date | Cost |
|---|---|---|---|
| Sask. Svgs. Bond Ser. 6 | 4.000% | July 15/02 | $ 48,400 |
| Kamsack Credit Union - Term Deposit | 3.500% | Oct. 20/99 | $ 5,300 |
| Province of Saskatchewan | 9.875% | July 6/99 | $ 40,000 |
| Province of Ontario | 8.000% | Mar. 11/03 | $ 46,090 |
| Province of Quebec | 7.500% | Dec. 1/03 | $ 44,897 |
| Province of Alberta | 6.375% | June 1/04 | $ 49,523 |
| Farm Credit Corporation | 6.500% | June 15/04 | $ 40,000 |
| TD Bank - Term Deposit | 3.000% | May 3/00 | $ 2,068 |
| TD Bank - Term Deposit | 4.150% | Jan. 12/00 | $ 9,500 |
| | | | $ 285,778 |

The market value of the investments at May 31, 1999 was $299,105.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Office of the Rentalsman - Rentalsman's Trust Account as at March 31, 2000 and the statement of changes in trust account balance for the year then ended. The Office of the Rentalsman's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Rentalsman - Rentalsman's Trust Account as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 5, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Accounts receivable | $ 20 | $ --- |
| Due from General Revenue Fund (Note 4) | 64,403 | 76,456 |
| Total assets | $ 64,423 | $ 76,456 |
| **LIABILITIES** | | |
| Security deposits held in trust | $ 51,283 | $ 63,036 |
| Application fees payable - Department of Justice | 13,140 | 13,420 |
| Total liabilities | $ 64,423 | $ 76,456 |

(See accompanying notes to the financial statements)

Statement 2

# OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT
## STATEMENT OF CHANGES IN TRUST ACCOUNT BALANCE
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| SECURITY DEPOSITS HELD IN TRUST | | |
| Receipts from landlords or tenants | $ 632,286 | $ 537,932 |
| Payments to landlords or tenants | (481,239) | (368,220) |
| Payments to Department of Justice | (163,100) | (143,280) |
| Balance, beginning of year | 76,456 | 50,024 |
| Balance, end of year to Statement 1 | $ 64,403 | $ 76,456 |

(See accompanying notes to the financial statements)

# OFFICE OF THE RENTALSMAN - RENTALSMAN'S TRUST ACCOUNT NOTES TO FINANCIAL STATEMENTS

## March 31, 2000

### 1. Legislative Authority

Pursuant to provisions of *The Residential Tenancies Act*, the Office of the Rentalsman - Rentalsman's Trust Account was established for the purpose of receiving and disbursing monies, under Section 35, Section 47 and Section 65 of *The Residential Tenancies Act*.

### 2. Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles.

### 3. Related Party Transactions

In accordance with established government practice, the Rentalsman's Trust Account has not been charged with any administrative costs and no provision for such cost is reflected in these statements. These costs are borne by the Department of Justice from monies appropriated by the Legislature for such purposes.

Under Section 6(1) of *The Residential Tenancies Regulation, 1992*, applications are subject to an application fee which is recorded as revenue for the Department of Justice. This fee is included in receipts and payments of the Rentalsman's Trust Account.

### 4. Due from General Revenue Fund

The Office of the Rentalsman - Rentalsman's Trust bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. No interest is paid into this account by the General Revenue Fund.

### 5. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parities, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Provincial Mediation Board Trust Accounts as at March 31, 2000 and the statement of receipts, disbursements and trust account balances for the year then ended. The Provincial Mediation Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Provincial Mediation Board Trust Accounts as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 7, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS
## STATEMENT OF FINANCIAL POSITION
### As of March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Due from General Revenue Fund (Note 4) | $ 215,780 | $ 183,366 |
| Total assets | $ 215,780 | $ 183,366 |
| **LIABILITIES** | | |
| Trust account balances (Statement 2) | | |
| Orderly payment of debts program | $ 189,664 | $ 118,346 |
| Consumer proposals | 10,671 | 50,447 |
| Mediation of debts program | 13,625 | 13,383 |
| Tax enforcement proceedings | 1,820 | 1,190 |
| Total liabilities | $ 215,780 | $ 183,366 |

(See accompanying notes to the financial statements)

Statement 2

## THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS STATEMENT OF RECEIPTS, DISBURSEMENTS AND TRUST ACCOUNT BALANCES

Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| ORDERLY PAYMENT OF DEBTS PROGRAM | | |
| Receipts from clients | $ 789,667 | $ 698,126 |
| Payments to creditors | (608,160) | (611,901) |
| Payments to Department of Justice | (110,189) | (93,380) |
| Increase (decrease) in Trust balance | 71,318 | (7,155) |
| Balance, beginning of year | 118,346 | 125,501 |
| Balance, end of year to Statement 1 | $ 189,664 | $ 118,346 |
| CONSUMER PROPOSALS | | |
| Receipts from clients | $ 100,285 | $ 128,870 |
| Interest from General Revenue Fund (Note 4) | 1,380 | 1,922 |
| Payments to creditors | (124,782) | (87,369) |
| Payments to Department of Justice | (16,659) | (17,076) |
| (Decrease) increase in Trust Balance | (39,776) | 26,347 |
| Balance, beginning of year | 50,447 | 24,100 |
| Balance, end of year to Statement 1 | $ 10,671 | $ 50,447 |
| MEDIATION OF DEBTS PROGRAM | | |
| Receipts from clients | $ 81,249 | $ 103,464 |
| Payments to creditors | (75,648) | (102,342) |
| Payments to Department of Justice | (5,359) | (5,273) |
| Increase (decrease) in Trust balance | 242 | (4,151) |
| Balance, beginning of year | 13,383 | 17,534 |
| Balance, end of year to Statement 1 | $ 13,625 | $ 13,383 |
| TAX ENFORCEMENT PROCEEDINGS | | |
| Receipts from property owners | $ 23,320 | $ 18,584 |
| Payments to municipalities | (2,830) | (3,820) |
| Payments to Department of Justice | (19,860) | (16,320) |
| Increase (decrease) in Trust Balance | 630 | (1,556) |
| Balance, beginning of year | 1,190 | 2,746 |
| Balance, end of year to Statement 1 | $ 1,820 | $ 1,190 |

(See accompanying notes to the financial statements)

# THE PROVINCIAL MEDIATION BOARD TRUST ACCOUNTS
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Legislative Authority

The Trust Accounts were established for the purpose of receiving and disbursing monies for persons who have entered into negotiations for the settlement of debts, either through *The Provincial Mediation Board Act*, *The Tax Enforcement Act,* Orderly Payment of Debts Regulations or through the Consumer Proposals Program.

### 2. Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles.

### 3. Related Party Transactions

In accordance with established government practice, the Trust Accounts have not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Justice from monies appropriated by the Legislature for such purposes.

Under Parts III and X of *The Bankruptcy and Insolvency Act*, the Consumer Proposals and the Orderly Payment of Debts Consolidation Orders are subject to application and administration fees which are recorded as revenue for the Department of Justice. These fees are included in the receipts and payments under the Orderly Payment of Debts Program, Consumer Proposals, Mediation of Debts Program and Tax Enforcement Proceedings.

### 4. Due From General Revenue Fund

The Provincial Mediation Board's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The bank account set up to handle Consumer Proposals earns interest that is calculated and paid by the General Revenue Fund on a quarterly basis into the Trust's bank account using the Government's 30 day borrowing rate and the Trust's average daily bank account balance. Interest is allocated to clients based on their balances.

No interest is paid into the bank account used for the remaining programs.

## 5. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Public Employees Deferred Salary Leave Fund as at December 31, 1999 and the statement of changes in net assets available for benefits for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at December 31, 1999 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
January 26, 2000

Wayne Strelioff, CA
Provincial Auditor

## PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

## STATEMENT 1

**AS AT DECEMBER 31**

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Investments (Note 3) | $1,913,573 | $1,561,080 |
| Contributions receivable | - | 402 |
| Total assets | $1,913,573 | $1,561,482 |
| NET ASSETS AVAILABLE FOR BENEFITS (Statement 2) | $1,913,573 | $1,561,482 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND STATEMENT 2
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

**YEAR ENDED DECEMBER 31**

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget (Note 5) | Actual | Actual |
| **INCREASE IN ASSETS** | | | |
| Contributions | $ 800,000 | $ 982,469 | $ 745,268 |
| Interest | 90,000 | 86,390 | 78,898 |
| Total increase in assets | 890,000 | 1,068,859 | 824,166 |
| **DECREASE IN ASSETS** | | | |
| Redemptions | 700,000 | 630,378 | 888,187 |
| Interest (Note 3) | 90,000 | 83,726 | 74,285 |
| Service fees | 3,000 | 2,664 | 2,697 |
| Revolving fund administration | 4,750 | - | - |
| Total decrease in assets | 797,750 | 716,768 | 965,169 |
| Increase (decrease) in fund balance | 92,250 | 352,091 | (141,003) |
| NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR (Note 3) | 1,487,485 | 1,561,482 | 1,702,485 |
| NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR (Statement 1) | $1,579,735 | $1,913,573 | $1,561,482 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES DEFERRED SALARY LEAVE FUND
## NOTES TO THE FINANCIAL STATEMENTS

**DECEMBER 31, 1999**

### 1. Description of Fund

The Public Employees Deferred Salary Leave Fund is used to account for the transactions of the Public Employees Deferred Salary Leave Plan. This Plan was established on April 4, 1989 and continues under subsection 64(2) of *The Financial Administration Act, 1993*.

The Plan is managed by the Public Employees Benefits Agency (PEBA). The Plan allows participating employees to defer a portion of their salary for a period of twelve to seventy-two months. The deferred salary must then be used in financing a leave of absence for any reason for durations of six to twelve months, subject to the approval of the employer and the terms and conditions of the Plan.

Plan participants are employees of certain members of the public service of the Province of Saskatchewan and other Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. This includes: the Public Service of Saskatchewan as defined by *The Public Service Act*, New Careers Corporation, Judges of the Provincial Court, Saskatchewan Legal Aid Commission, Saskatchewan Power Corporation, Saskatchewan Property Management Corporation, Saskatchewan Telecommunications Holding Corporation and Saskatchewan Water Corporation.

The Plan is a registered salary deferral arrangement under regulation 6801 of the *Income Tax Act*. The Plan is administered under the terms of an agreement with Royal Trust Corporation of Canada (Royal Trust).

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

### 3. Investments

The portion of salary deferred is held in investment accounts maintained for each participating employee. Interest is allocated to individual member accounts based on the weighted average of the interest rates the bank pays for GIC deposits which is 5.09% for 1999. Each plan participant is also charged a service fee. On December 31, interest for the year is paid to each participating employee.

Fair value approximates the market value of investments.

### 4. Contributions Receivable

Contributions receivable are non-interest bearing and are due within the next year. Due to this short-term maturity, the fair value of these receivables approximates the carrying value.

## 5. Budget

The Fund submitted the 1999 budget to Treasury Board.

## 6. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the School Division Tax Loss Compensation Fund as at March 31, 2000 and the statement of revenue, expenditure and fund balance for the year then ended. The School Division Tax Loss Compensation Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2000 and the results of its operations and the changes in its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 20, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## School Division Tax Loss Compensation Fund
## Balance Sheet
## as at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Due from General Revenue Fund (Note 4) | 2,874,552 | 1,709,175 |
| Accounts Receivable | 162,005 | 160,759 |
| | 3,036,557 | 1,869,934 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities:** | | |
| Accounts Payable | 768,404 | 337,305 |
| Fund balance (Statement 2) | 2,268,153 | 1,532,629 |
| | 3,036,557 | 1,869,934 |

(See accompanying notes to the financial statements)

Statement 2

## School Division Tax Loss Compensation Fund
## Statement of Revenue, Expenditure and Fund Balance
## as at March 31

| | 2000 | 1999 |
|---|---|---|
| **REVENUE:** | | |
| Contributions | 2,509,540 | 2,967,582 |
| Investment Interest | 108,139 | 85,059 |
| Total Revenue | 2,617,679 | 3,052,641 |
| **EXPENDITURE:** | | |
| Compensation to school divisions | 1,882,155 | 2,225,687 |
| Excess of Revenue over Expenditures | 735,524 | 826,954 |
| Fund balance, beginning of year | 1,532,629 | 705,675 |
| Fund balance, end of year (Statement 1) | 2,268,153 | 1,532,629 |

(See accompanying notes to the financial statements)

# SCHOOL DIVISION TAX LOSS COMPENSATION FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Purpose and Creation of the Fund

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act* through *The Treaty Land Entitlement Implementation Act.* The amendment came into force on June 22, 1993. On December 14, 1994, by Order in Council #840/94 the Lieutenant Governor in Council established regulations to administer the Fund.

The Fund is administered by the Department of Education on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Intergovernmental and Aboriginal Affairs) and federal (Indian and Northern Affairs Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

a) accrual basis

The financial statements are prepared on the accrual basis of accounting.

### 3. Related Party Transactions

The fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Education. Included in revenue is $752,862 from Intergovernmental and Aboriginal Affairs, of which $50,255 was receivable at March 31, 2000.

### 4. Due From General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. Under this arrangement, interest is calculated on the net position of the School Tax Loss Compensation Fund.

The Fund's share of this interest is allocated to it by the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate.

## 5. Compensation to School Divisions

The following lists the organizations that have or will receive money from the Fund for the year ended March 31, 2000.

| Organization | Amount | |
|---|---|---|
| | **1999-2000** | **1998-99** |
| Battlefords School Division #118 | 176,161 | 118,174 |
| Biggar School Division #50 | 130,156 | 26,980 |
| Borderland School Division #68 | 0 | 18,003 |
| Broadview School Division #18 | 76,250 | 126,584 |
| Crystal Lakes School Division #120 | 24,923 | 35,770 |
| Cupar School Division #28 | 12,180 | 188,759 |
| Deer Park School Division #26 | 63,102 | 32,409 |
| Eastend School Division #8 | 5,048 | 35,662 |
| Kamsack School Division #35 | 17,126 | 41,331 |
| Landswest School Division #123 | 18,668 | 106,501 |
| Maple Creek School Division #17 | 26,127 | 6,406 |
| Meadow Lake School Division #66 | 0 | 561,600 |
| Moosomin School Division #9 | 0 | 4,667 |
| Northern Lakes School Division #64 | 226,118 | 317,904 |
| Paynton School Division #102 | 82,643 | 4,821 |
| Potashville School Division #80 | 209,490 | 81,884 |
| Prairie View School Division #74 | 536,254 | 0 |
| Regina(East) School Division #77 | 17,224 | 0 |
| Sask. Central School Division #121 | 0 | 4,733 |
| Saskatchewan Rivers School Division #119 | 50,972 | 0 |
| Saskatchewan Valley School Division #49 | 35,161 | 64,161 |
| Scenic Valley School Division #117 | 39,855 | 83,898 |
| Shamrock School Division #38 | 24,011 | 129,260 |
| Wadena School Division #46 | 19,076 | 5,894 |
| Wakaw School Division #48 | 91,610 | 106,665 |
| Yorkdale School Division #36 | 0 | 123,621 |
| **Total** | **1,882,155** | **2,225,687** |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the Social Services Central Trust Account as at March 31, 2000 and the statement of changes in net assets available for benefits for the year then ended. The Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Social Services Central Trust Account as at March 31, 2000 and the changes in its net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

GWendel

Regina, Saskatchewan
May 8, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# SOCIAL SERVICES CENTRAL TRUST ACCOUNT
## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
### As at March 31

| | Armour Trust | Balison Trust | Total 2000 | Total 1999 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Due from General Revenue Fund (Note 3) | $ 14,772 | $ 173,295 | $ 188,067 | $ 182,906 |
| Accrued interest | 185 | 2,166 | 2,351 | 2,239 |
| | $ 14,957 | $ 175,461 | $ 190,418 | $ 185,145 |
| **FUND BALANCE** | | | | |
| Fund balance (Statement 2) | $ 14,957 | $ 175,461 | $ 190,418 | $ 185,145 |

(See accompanying notes to the financial statements)

Statement 2

## SOCIAL SERVICES CENTRAL TRUST ACCOUNT
## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
### Year Ended March 31

| | Armour Trust | Balison Trust | Total 2000 | Total 1999 |
|---|---|---|---|---|
| Increase in fund balance | | | | |
| - Interest | $ 714 | $ 8,282 | $ 8,996 | $ 9,201 |
| - Estate distributions | — | — | — | 1,000 |
| Decrease in fund balance | | | | |
| - to or on behalf of children's institutions | — | (3,723) | (3,723) | (24,842) |
| Increase (decrease) in fund balance | 714 | 4,559 | 5,273 | (14,641) |
| Balance, beginning of year | 14,243 | 170,902 | 185,145 | 199,786 |
| Balance, end of year (to Statement 1) | $ 14,957 | $ 175,461 | $ 190,418 | $ 185,145 |

(See accompanying notes to the financial statements)

## SOCIAL SERVICES CENTRAL TRUST ACCOUNT
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority and Purpose of Trust

The Social Services Central Trust Account was established under Section 13 of *The Department of Social Services Act*.

In accordance with Section 15 of *The Department of Social Services Act,* the Department administers funds received from the Armour and Balison Estates.

The Armour Trust has a 1/4 interest in the Armour Estate. Canada Trust is the executor and therefore administers the Armour Estate. The Armour Estate owns a ½ interest in real estate situated between the Regina city limits and the IPSCO steel mill. The land is presently rented for farming purposes. The Armour Trust receives its share of farm land rent from the Armour Estate. The trust funds are held on behalf of Dales House, an institution operated by the Department of Social Services.

At March 31, 2000 the Armour Trust's share of the fair market value of assets in the Armour Estate consisted of cash and short-term notes $45,628 (1999 - $43,461), and real estate $18,100 (1999 - $18,100).

The Balison Trust consisted of income from and sales proceeds of property held by the Balison Estate. Canada Trust was the executor and therefore administered the Balison Estate. The trust funds are held on behalf of the Saskatchewan Youth in Care Network.

At March 31, 1998 the assets in the Balison Estate had all been distributed to beneficiaries.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles.

Estate distributions are recorded as an increase in fund balance in the period they are distributed.

### 3. Due From General Revenue Fund

The trust funds are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Interest earned is calculated and paid by the General Revenue Fund on a quarterly basis into the Trust's bank account using the Government's 30 day borrowing rate and the Trust's average daily bank account balance. The Government's average thirty day borrowing rate for the year is 4.79% (1999- 5.04%).

## 4. Related Party Transactions

In accordance with established government practice, the Trust Account has not been charged with any occupancy costs and no provision for such costs is reflected in these statements. These costs, together with certain general administrative and employee benefit costs, are absorbed by the Department of Social Services appropriation.

## 5. Financial Instruments

Financial instruments consist of due from general revenue fund and accrued interest. There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows. The fair value of these instruments approximates carrying value due to the immediate or short-term maturity.

# PART

# PARTIE

# B

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-3

# Financial Statements Compendium 1999-2000

## Part B

MULTIS E
GENTIBUS
VIRES

Saskatchewan

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**Financial Statements not available at time of printing:**

Liquor and Gaming Authority
Public Trustee for Saskatchewan

# GUIDE TO THE COMPENDIUM

This Compendium is comprised of the financial statements of various government boards, agencies, commissions, superannuation funds, special purpose funds and institutions as well as those Crown corporations which are accountable to the Treasury Board.

The financial statements are for fiscal periods ending within the Government's fiscal year April 1, 1999 to March 31, 2000.

While many of these entities are required to table their financial statements in the Legislative Assembly as separate reports, this Compendium serves to provide ease of public access to their financial statements.

Financial statements for Crown corporations that are accountable to the Crown Investments Corporation appear in a separate compendium of annual reports compiled by the Crown Investments Corporation.

The Compendium consists of two parts:

| | |
|---|---|
| Part A - | Educational Institutions<br>Pension and Benefit Plans<br>Crown Corporations<br>Trust Funds |
| Part B - | Other Entities<br>Health Care<br>Revolving Funds<br>Agricultural Entities |

Each Part includes a complete table of contents for the whole Compendium, as well as a complete alphabetical listing, with page number reference, in an index.

**Internet Address**

The Compendium of Financial Statements is on the Internet at http://www.gov.sk.ca/finance

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**Financial Statements not available at time of printing:**
Liquor and Gaming Authority
Public Trustee for Saskatchewan

KPMG

KPMG LLP
Chartered Accountants

## AUDITORS' REPORT

To: Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Associated Entities Fund as at March 31, 2000 and the statements of operations and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Associated Entities Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 8, 2000

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

# Associated Entities Fund

## Statement of Financial Position

March 31, 2000 with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| **Assets** | | |
| Current Assets: | | |
| Cash | $ 11,046,709 | $ 7,238,740 |
| Receivable from General Revenue Fund | 499,247 | 112,500 |
| | $ 11,545,956 | $ 7,351,240 |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Due to Metis Society of Saskatchewan Inc. | $ 124,812 | $ 28,125 |
| Grants payable | 34,039 | 3,765 |
| | 158,851 | 31,890 |
| Net assets (note 3) | 11,387,105 | 7,319,350 |
| | $ 11,545,956 | $ 7,351,240 |

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

Lance Brown Chairman

Don McDougall Trustee

# Associated Entities Fund

## Statement of Operations and Net Assets

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Revenue: | | |
| Interest | $ 306,051 | $ 133,124 |
| Proceeds from General Revenue Fund | 8,020,747 | 8,187,500 |
| | 8,326,798 | 8,320,624 |
| Expenses: | | |
| Administration contract | 100,000 | 100,000 |
| Grants | 2,153,856 | 3,881,253 |
| Transferred to Metis Society of Saskatchewan Inc. | 2,005,187 | 2,046,875 |
| | 4,259,043 | 6,028,128 |
| Excess of revenue over expenses | 4,067,755 | 2,292,496 |
| Net assets, beginning of year | 7,319,350 | 5,026,854 |
| Net assets, end of year | $ 11,387,105 | $ 7,319,350 |

## Statement of Cash Flows

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Excess of revenue over expenses | $ 4,067,755 | $ 2,292,496 |
| Net change in non-cash working capital items: | | |
| Receivable from General Revenue Fund | (386,747) | 3,979,923 |
| Due to Metis Society of Saskatchewan Inc. | 96,687 | (994,981) |
| Grants payable | 30,274 | (8,235) |
| Increase in cash during the year | 3,807,969 | 5,269,203 |
| Cash, beginning of year | 7,238,740 | 1,969,537 |
| Cash, end of year | $ 11,046,709 | $ 7,238,740 |

See accompanying notes to financial statements.

# Associated Entities Fund

## Notes to Financial Statements

March 31, 2000

1. **Nature of operations:**

The Associated Entities Fund (the "Fund") was established on August 23, 1996 by The Saskatchewan Gaming Corporation Act (Chapter S18.2 of the Statutes of Saskatchewan - Part IV). It is managed by a Board of Trustees consisting of six people appointed by the Lieutenant Governor in Council. The Board of Trustees is responsible for managing and operating the Fund.

Pursuant to the Saskatchewan Gaming Corporation Act, and other agreements, the Government of Saskatchewan receives, into the General Revenue Fund, certain gaming revenues. The Minister of Finance transfers a portion of these gaming revenues to the Fund. The Trustees of the Fund have agreed to transfer 25% of these revenues to the Metis Society of Saskatchewan Inc. The remaining funds must be granted to charities and exhibition associations in Saskatchewan, or any person, organization or association in Saskatchewan prescribed by the Lieutenant Governor in Council upon application to the Board of Trustees.

The Fund has an agreement with Sask Sport Inc. to provide administrative services to the Fund. For this Sask Sport will be paid 5% of the revenue from the fund up to a maximum of $100,000.

2. **Significant accounting policies:**

*Grants:*

Grants are recognized when a completed grant application is received from an eligible organization and approved by the Board of Trustees.

*Use of estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# Associated Entities Fund

## Notes to Financial Statements

March 31, 2000

3. **Designated assets:**

The Trustees of the Fund have designated $1,040,546 (1999 - $768,927) for Regional Intersectoral Committees to fund programs for vulnerable children, youth and families at the community level. In addition, pursuant to directions given under the governing legislation, they have designated $4,900,000 (1999 - $4,900,000) to fund building or upgrading of community cultural facilities. These designated assets are not available for other purposes without the approval of the Trustees.

KPMG LLP
Chartered Accountants

# AUDITORS' REPORT TO THE TRUST BENEFICIARIES

We have audited the balance sheet of First Nations Trust Fund as at March 31, 2000 and the statements of revenue and expenditures and unrestricted surplus, security recourse reserve, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Saskatchewan
May 26, 2000

# FIRST NATIONS TRUST FUND

**Balance Sheet**

March 31, 2000

| | 2000 | 1999 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 201,076 | $ 37,869 |
| Gaming revenue receivable | 4,300,000 | 1,012,500 |
| | $ 4,501,076 | $ 1,050,369 |
| **Liabilities and Trust Balances** | | |
| Current liabilities: | | |
| Payable to First Nations | $ 4,222,739 | $ 834,283 |
| Payable to FSIN: | | |
| Veterans | 17,250 | - |
| First Nations Addictions Rehabilitation Foundation | 236,087 | 191,086 |
| Trust administration | 25,000 | 25,000 |
| Trust balances: | | |
| Unrestricted surplus | - | - |
| | $ 4,501,076 | $ 1,050,369 |

See accompanying notes to financial statements.

On behalf of the Trustees:

Terry Bellegarde Trustee

Trustee

# FIRST NATIONS TRUST FUND

## Statement of Revenue and Expenditures and Unrestricted Surplus

Year ended March 31, 2000, with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Revenue: | | |
| Gaming revenue | $ 11,794,870 | $ 13,603,077 |
| Interest | 22,282 | 73,282 |
| | 11,817,152 | 13,676,359 |
| Expenditures: | | |
| Distributions to First Nations | 10,703,052 | 13,490,126 |
| FSIN: | | |
| First Nations Addictions Rehabilitation Foundation | 944,350 | 764,350 |
| Trust administration | 100,000 | 100,000 |
| Veterans | 69,750 | 35,500 |
| Senate | - | 144,000 |
| | 11,817,152 | 14,533,976 |
| Deficiency of revenue over expenditures | - | (857,617) |
| Unrestricted surplus, beginning of year | - | - |
| Net transfers from security recourse reserve | - | 857,617 |
| Unrestricted surplus, end of year | $ - | $ - |

See accompanying notes to financial statements.

# FIRST NATIONS TRUST FUND

## Statement of Security Recourse Reserve

Year ended March 31, 2000, with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Reserve, beginning of year | $ | $ 857,617 |
| Transfer to unrestricted surplus | - | (857,617) |
| Reserve, end of year | $ - | $ - |

See accompanying notes to financial statements.

# FIRST NATIONS TRUST FUND

## Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Cash flows from (used in): | | |
| Operations: | | |
| Deficiency of revenue over expenditures | $ - | $ (857,617) |
| Change in non-cash operating working capital: | | |
| Gaming revenue receivable | (3,287,500) | (1,012,500) |
| Payable to First Nations | 3,388,456 | 824,141 |
| Payable to FSIN: | | |
| Veterans | 17,250 | - |
| First Nations Addictions Rehabilitation Foundation | 45,001 | 191,086 |
| Trust administration | - | 25,000 |
| Increase (decrease) in cash | 163,207 | (829,890) |
| Cash, beginning of year | 37,869 | 867,759 |
| Cash, end of year | $ 201,076 | $ 37,869 |

See accompanying notes to financial statements.

# FIRST NATIONS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2000

---

**General Information**

The First Nations Trust Fund (the "Fund") was established to administer and disburse funds earned through gaming activities. Pursuant to the 1994 Casino Gaming Agreement between Federation of Saskatchewan Indians, Inc. ("FSIN") and the Province of Saskatchewan (the "Province") and Section 17 of the Saskatchewan Gaming Corporation Act, the Fund is to receive 25% of the net profits of the Regina Casino which are to be distributed through the Province's General Revenue Fund. Pursuant to the 1995 Agreement between FSIN and the Province, the FSIN Gaming Act and the Trust Indenture between FSIN and the Trustees of the Fund, the Fund is to receive through the Province's General Revenue Fund, a percentage of the net profits generated by casinos operated by Saskatchewan Indian Gaming Authority, Inc. ("SIGA") as follows:

> For casinos located on reserves, 50% of net profits and an additional 25% of net profits for charitable purposes related to First Nations, and
>
> For casinos not located on reserves 50% of net profits.

At any time when the cumulative total of 50% of net profits generated by casinos operated by SIGA exceeds the 25% of the net profits of the Regina Casino distributed to the Fund, the Fund shall only be entitled to 25% of the excess (the "Flip" clause).

Effective April 1, 1998, the 1995 Agreement between FSIN and the Province was amended to provide that at any time the cumulative total of 50% of net profits generated by casinos operated by SIGA exceeds the 25% of the net profits of the Regina Casino distributed to the Fund, the Fund shall be entitled to 37.5% of the excess.

The Fund is administered by trustees appointed by the Economic and Community Development Commission of the FSIN (formerly the Saskatchewan Indian Gaming Commission) pursuant to the First Nations Gaming Act and the Saskatchewan Gaming Corporations Act.

The 1995 Gaming Agreement provides for the establishment of First Nations Addictions Rehabilitation Foundation ("FNARF") for the purpose of providing gaming addictions rehabilitation and prevention services for First Nations people. The operations of FNARF are to be funded from gaming revenues distributed by the Province to the Fund.

The Trustees may make payments from the Fund for the following purposes related to First Nations and Tribal Councils in Saskatchewan:

- economic development
- social development
- justice initiatives
- educational development
- recreational facilities operation and development

# FIRST NATIONS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2000

---

**General Information (continued):**

- senior and youth programs
- cultural development
- community infrastructure development and maintenance
- health initiatives, and
- any other community development and/or project.

The Trustees shall make payments from the Fund on a fair and equitable basis in accordance with guidelines approved by the Chiefs-in-Assembly. The Trustees may also disburse funds identified for charitable purposes to First Nations charities.

## 1. Significant accounting policies:

(a) Use of estimates:

Preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions regarding the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures for the year. Actual results could differ from these estimates.

(b) Gaming revenues:

Gaming revenues are recorded when receivable from the Province's General Revenue Fund. Distributions of gaming revenue are made to the Fund in quarterly installments based on estimates of net profits at the SIGA casinos and the Regina Casino. Upon completion of the fiscal years of the SIGA casinos and Regina Casino, a final distribution is made to the Fund by the Province's General Revenue Fund. The amount of this final distribution is recorded as gaming revenue upon determination and allocation by the Province.

(c) Distributions to First Nations:

Distributions to First Nations are made based on guidelines approved by the Chiefs-in-Assembly. Amounts in excess of the required security recourse reserve and administrative expenditures are allocated or distributed to First Nations.

# FIRST NATIONS TRUST FUND

Notes to Financial Statements

Year ended March 31, 2000

---

## 2. Restricted cash and security recourse reserve:

Prior to 1999, the Fund was required to hold in reserve, as security for repayment of a loan obtained by SIGA for the development and operation of casinos in the Province, 10% of gaming revenue received by the Fund from the Province's General Revenue Fund. In case of a default by SIGA on any of the terms or conditions of its loan agreement with its lender, those funds could have been required to repay any remaining balances of the loan. During 1999, the loan was repaid in full by SIGA and the balance of the security recourse reserve was transferred to unrestricted surplus and distributed according to the Fund's distribution formula.

## 3. Related party transactions:

Related parties to the Fund include Saskatchewan Tribal Councils and First Nations and FSIN. Expenditures to related parties are disclosed in the statements of revenue and expenditures and unrestricted surplus.

## 4. Financial assets and liabilities:

The carrying amounts of the Fund's financial assets and liabilities including gaming revenue receivable, payable to First Nations and payable to FSIN, approximate fair value due to the short-term maturity of these items.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Fish and Wildlife Development Fund as at March 31, 2000 and the statements of operations, changes in net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 22, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## FISH AND WILDLIFE DEVELOPMENT FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Due from General Revenue Fund(Notes 3 and 8) | $ 3,732,798 | $ 1,548,059 |
| Short-term deposits(Note 8) | --- | 2,173,448 |
| Accounts receivable(Notes 4 and 8) | 92,652 | 48,114 |
| | 3,825,450 | 3,769,621 |
| Capital assets(Note 5) | 14,383,954 | 13,461,171 |
| | $ 18,209,404 | $ 17,230,792 |
| **LIABILITIES AND NET ASSETS** | | |
| Accounts payable(Note 8) | $ 110,953 | $ 298,008 |
| Net Assets: | | |
| Net assets invested in capital assets | 14,383,954 | 13,461,171 |
| Internally restricted net assets(Note 6) | 2,000,000 | 2,000,000 |
| Unrestricted net assets | 1,714,497 | 1,471,613 |
| | 18,098,451 | 16,932,784 |
| | $ 18,209,404 | $ 17,230,792 |

Commitments (Note 7)

(See accompanying notes to the financial statements)

Statement 2

# FISH AND WILDLIFE DEVELOPMENT FUND
## STATEMENT OF OPERATIONS
## For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Revenues: | | | |
| General Revenue Fund transfer(Note 4) | $ 2,500,000 | $ 2,895,266 | $ 2,756,570 |
| Interest | 115,000 | 168,062 | 157,052 |
| Field permits and leases | 150,000 | 151,205 | 141,126 |
| Other revenue | 15,000 | 26,647 | 38,252 |
| | 2,780,000 | 3,241,180 | 3,093,000 |
| Expenses: | | | |
| Wildlife habitat projects(Schedule 1) | 1,014,500 | 1,028,006 | 956,384 |
| Fish enhancement projects(Schedule 1) | 911,000 | 845,466 | 846,792 |
| Grants-in-lieu of taxes(Note 6) | 180,000 | 202,041 | 180,828 |
| | 2,105,500 | 2,075,513 | 1,984,004 |
| Excess of revenues over expenses | $ 674,500 | $ 1,165,667 | $ 1,108,996 |

(See accompanying notes to the financial statements)

Statement 3

# FISH AND WILDLIFE DEVELOPMENT FUND
## STATEMENT OF CHANGES IN NET ASSETS
### For the Year Ended March 31

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | Invested in Capital Assets | Internally Restricted | Unrestricted | Total | Total |
| Net Assets: | | | | | |
| Balance, beginning of year | $ 13,461,171 | $ 2,000,000 | $ 1,471,613 | $ 16,932,784 | $ 15,788,468 |
| Excess of revenues over expenses | (20,775) | --- | 1,186,442 | 1,165,667 | 1,108,996 |
| Donated land | --- | --- | --- | --- | 35,320 |
| Net investment in capital assets | 943,558 | --- | (943,558) | --- | --- |
| Balance, end of year | $ 14,383,954 | $ 2,000,000 | $ 1,714,497 | $ 18,098,451 | $ 16,932,784 |

(See accompanying notes to the financial statements)

Statement 4

## FISH AND WILDLIFE DEVELOPMENT FUND
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash received from General Revenue Fund transfer | $ 2,856,438 | $ 2,844,879 |
| Cash received from field permits and leases | 173,245 | 177,308 |
| Interest received | 168,062 | 168,242 |
| Cash paid to grant recipients | (60,000) | (115,000) |
| Cash paid to municipalities | (202,041) | (180,828) |
| Cash paid to suppliers and employees | (1,979,752) | (1,508,783) |
| | 955,952 | 1,385,818 |
| Cash flows from investing activities | | |
| Purchase of capital assets | (944,661) | (768,700) |
| Decrease(increase) in short-term deposits | 2,173,448 | (319,404) |
| | 1,228,787 | (1,088,104) |
| Net increase in cash | 2,184,739 | 297,714 |
| Cash, beginning of year | 1,548,059 | 1,250,345 |
| Cash, end of year | $ 3,732,798 | $ 1,548,059 |

(See accompanying notes to the financial statements)

# FISH AND WILDLIFE DEVELOPMENT FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Purpose of the Fund

The Fish and Wildlife Development Fund (Fund) operates under the authority of Section 20 of *The Natural Resources Act*. The Fund was established for the purposes of preventing the reduction of wildlife habitat and wildlife population in the agricultural area of the province and for fish enhancement projects intended to prevent the loss of fish or fish habitat.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principals for not-for-profit organizations. The following is a summary of the significant accounting policies:

a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

b) Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided on a straight-line basis over the asset's estimated useful life. Annual rates for equipment are from 5% to 33%.

Donated land is recorded at fair value at the date of contribution as a direct increase in net assets.

c) Investments

Short-term deposits are recorded at cost which approximates fair market value.

d) Grants Expense

Expenses are recognized when grants are approved and the recipient has met eligibility criteria.

e) Cash

Cash included on the Statement of Cash Flows consists of Due from General Revenue Fund.

### 3. Due From General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF) or in a bank account included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for 1999/00 is 4.78% (1998/99 - 5.04%).

### 4. Revenue - General Revenue Fund

The annual transfer from the General Revenue Fund has been set by Order in Council 526/95 as an amount equivalent to 30% of certain hunting and fishing licence fees collected by the Department of Environment and Resource Management. A receivable is recorded for the portion of the revenue not received before the year-end that relates to the annual licence fees. Included within accounts receivable at March 31, 2000 is $86,828 (1999 - $47,563) receivable from the General Revenue Fund.

### 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 13,298,635 | --- | $13,298,635 | $12,587,229 |
| Land - joint ownership | 1,027,326 | --- | 1,027,326 | 804,625 |
| Equipment | 453,465 | 395,472 | 57,993 | 69,317 |
| | $14,779,426 | $ 395,472 | $14,383,954 | $13,461,171 |

The Fund entered into agreements with other conservation agencies for the joint acquisition of land for wildlife related purposes. The above amount for land-joint ownership represents the Fund's costs of these joint ventures.

### 6. Internally Restricted Net Assets - Municipal Habitat Conservation

Internally restricted net assets were established to compensate rural municipalities for taxes forgone on lands acquired by the Fund for wildlife habitat conservation purposes. The interest earned on this amount is reported in the unrestricted fund and is used to assist in paying rural municipalities grants-in-lieu of taxes on Fund lands located within their boundaries.

## 7. Commitments

The Fund has wildlife habitat and fish enhancement project commitments at year end of $721,750 (1999 - $489,750) over the next five years.

## 8. Financial Instruments

The Fund's financial instruments include due from General Revenue Fund, short-term deposits, accounts receivable and accounts payable. The fair value of these instruments approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The Fund is exposed to credit risk from the potential default of customers. However, the majority of the Fund's receivables are from other government agencies and reputable long term corporate clients, therefore, the credit risk is minimal.

## 9. Budget

The Budget for the Fund is included with the Department of Environment and Resource Management's budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

## 10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

| Category | 2000 | 1999 |
|---|---|---|
| Expenses | $342,119 | $249,780 |
| Accounts payable | 43,867 | 31,583 |
| Interest revenue | 123,857 | 70,955 |

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

The Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative and certain other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

## 11. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

## FISH AND WILDLIFE DEVELOPMENT FUND
## SCHEDULE OF EXPENSES
### For the Year Ended March 31

| | Wildlife Habitat Projects | Fish Enhancement Projects | Total 2000 | 1999 |
|---|---|---|---|---|
| Salaries | $ 484,312 | $ 552,418 | $ 1,036,730 | $ 1,015,548 |
| Contractual services | 319,788 | 64,500 | 384,288 | 276,325 |
| Supplies and materials | 62,679 | 78,193 | 140,872 | 177,882 |
| Grants | 60,000 | --- | 60,000 | 65,000 |
| Central Vehicle Agency | 48,205 | 45,941 | 94,146 | 108,905 |
| Travel expenses | 29,643 | 19,857 | 49,500 | 49,534 |
| Utilities | --- | 55,223 | 55,223 | 53,145 |
| Amortization | 4,854 | 15,921 | 20,775 | 25,398 |
| Telephone | 11,577 | 10,678 | 22,255 | 23,005 |
| Communications | 5,935 | 2,735 | 8,670 | 3,811 |
| Habitat leases | 1,013 | --- | 1,013 | 4,623 |
| | $ 1,028,006 | $ 845,466 | $ 1,873,472 | $ 1,803,176 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Law Reform Commission of Saskatchewan as at March 31, 2000, and the statements of operations and changes in net assets and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 27, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

## LAW REFORM COMMISSION OF SASKATCHEWAN
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash | $ 38,040 | $ 63,331 |
| Accounts Receivable | — | 1,420 |
| Prepaid Expense | 143 | 142 |
| Capital assets (Note 3) | 1,120 | 1,792 |
| Total Assets | $ 39,303 | $ 66,685 |
| **NET ASSETS** | | |
| Net assets invested in capital assets | $ 1,120 | 1,792 |
| Unrestricted net assets | 38,183 | 64,893 |
| Total net assets (Statement 2) | $ 39,303 | $ 66,685 |

(See accompanying notes to the financial statements)

Statement 2

## LAW REFORM COMMISSION OF SASKATCHEWAN
## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Revenues | | |
| General Revenue Fund appropriation | $ 55,000 | $ 55,000 |
| Law Foundation grants | 13,750 | 55,000 |
| Interest | 594 | 1,221 |
| | 69,344 | 111,221 |
| Expenses | | |
| Salaries and employee benefits | 72,604 | 72,664 |
| Commissioners' honoraria and expenses | 14,657 | 15,222 |
| Rent | 6,600 | 6,600 |
| Conference | — | 2,344 |
| Office supplies and services | 1,029 | 1,250 |
| Printing | 1,044 | 1,102 |
| Communications | — | 343 |
| Miscellaneous | 120 | 287 |
| Amortization expense | 672 | 224 |
| | 96,726 | 100,036 |
| Excess of revenues over expenses | (27,382) | 11,185 |
| Net asset balance, beginning of year | 66,685 | 55,500 |
| Net asset balance, end of year (to Statement 1) | $ 39,303 | $ 66,685 |

(See accompanying notes to the financial statements)

Statement 3

## LAW REFORM COMMISSION OF SASKATCHEWAN
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities | | |
| General Revenue Fund appropriation | $ 55,000 | $ 55,000 |
| Law Foundation grants | 13,750 | 55,000 |
| Reimbursement of expenses | 1,420 | — |
| Interest received | 594 | 1,221 |
| Cash paid to suppliers and employees | (96,055) | (101,374) |
| Cash flows from operating activities | (25,291) | 9,847 |
| Cash flows from investing activities | | |
| Purchase of capital assets | — | (2,015) |
| Net (decrease) increase in cash | (25,291) | 7,832 |
| Cash, beginning of year | 63,331 | 55,499 |
| Cash, end of year | $ 38,040 | $ 63,331 |

(See accompanying notes to the financial statements)

# LAW REFORM COMMISSION OF SASKATCHEWAN
## NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

### 1. Incorporation

*The Law Reform Commission Act* was amended effective November 6, 1987. At that date the Commission became a body corporate and continued the operations of the Law Reform Commission of Saskatchewan.

The purpose of the Commission is to review all the laws of the Province with a view to its systematic development and reform and generally the simplification and modernization of the law.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with GAAP and include the following significant accounting policies:

**Revenue Recognition**
The Law Reform Commission of Saskatchewan recognizes revenue when received or receivable.

**Capital Assets**
Capital assets are recorded at cost. The capital assets are reduced annually for the consumed cost of the asset calculated upon the straight line method and a useful life of 3 years.

### 3. Capital Assets

| | Cost | Accumulated Amortization | Net Book Value 2000 | Net Book Value 1999 |
|---|---|---|---|---|
| Office equipment | $ 21,144 | $ 21,143 | $ 1 | $ 1 |
| Computer | 2,015 | 896 | 1,119 | 1,791 |
| | $ 23,159 | $ 22,039 | $ 1,120 | $ 1,792 |

### 4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Law Reform Commission of Saskatchewan by virtue of common control or significant influence by the Government of Saskatchewan.

The following table summarizes the Commission's related party transactions that are in the normal course of operations. These transactions are recorded at the standard rates charged by these parties and are settled at normal trade terms.

| | 2000 | 1999 |
|---|---|---|
| Operating revenues - Grant from Department of Justice | $ 55,000 | $ 55,000 |
| Operating expenditures | | |
| University of Saskatchewan - rent, other services | 8,357 | 7,319 |

In addition, the Commission pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as a part of the cost of those purchases.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 1999 and the statement of operations and net assets for the year then ended. The Board is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
February 16, 2000

Wayne Strelioff, CA
Provincial Auditor

Statement 1

## MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## STATEMENT OF FINANCIAL POSITION
## As at December 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 21,681 | $ 20,477 |
| Accounts receivable | — | — |
| | 21,681 | 20,477 |
| | $ 21,681 | $ 20,477 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Accounts payable | $ — | $ — |
| Net assets - (Statement 2) | 21,681 | 20,477 |
| | $ 21,681 | $ 20,477 |

(See accompanying notes to the financial statements)

Statement 2

## MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## STATEMENT OF OPERATIONS AND NET ASSETS
### For the Year Ended December 31

| | | | 1999 | 1998 |
|---|---|---|---|---|
| Revenues: | | | | |
| Municipal taxes received from rural municipalities (Note 5) | | | $ 6,326,121 | $ 6,081,220 |
| Less: Tax sharing distributions (Schedule 1) | | | | |
| Areas of Influence | Rural | Urban | | |
| Saskatoon/Lanigan | $ 3,309,023 | $ 367,669 | 3,676,692 | 3,540,028 |
| Esterhazy | 2,000,607 | 222,290 | 2,222,897 | 2,150,285 |
| Pense | 372,492 | 41,388 | 413,880 | 378,742 |
| | $ 5,682,122 | $ 631,347 | 6,313,469 | 6,069,055 |
| | | | 12,652 | 12,165 |
| Expenses: | | | | |
| Office facilities – Saskatchewan Association of Rural Municipalities | | | 6,000 | 6,000 |
| Amortization | | | --- | 4,100 |
| Secretary/Treasurer honorarium | | | 3,950 | 3,950 |
| Board members' allowances: | | | | |
| Per diem | | | 700 | 700 |
| Mileage | | | 528 | 187 |
| Sustenance | | | 120 | 35 |
| Fidelity bond premium | | | 150 | 150 |
| | | | 11,448 | 15,122 |
| Surplus (deficit) for the year | | | 1,204 | (2,957) |
| Net assets, beginning of year | | | 20,477 | 23,434 |
| Net assets, end of year - to Statement 1 | | | $ 21,681 | $ 20,477 |

(See accompanying notes to the financial statements)

# MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## NOTES TO THE FINANCIAL STATEMENTS
### December 31, 1999

## 1. Authority

The Municipal Potash Tax Sharing Administration Board was established under Section 3 of *The Municipal Tax Sharing (Potash) Act*. Under provisions of the Act, taxes levied by rural municipalities on potash mines are remitted to the Board. The Board administers a tax sharing program. Disbursements to municipalities, located within the areas of influence of a potash development, are made on the basis of formulae prescribed in regulations.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

## 3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

## 4. Administration Costs

The regulations permit the Board to withhold up to 0.5% of taxes received, to a maximum of $25,000, for the general administration of the Board. During the year, the Board withheld 0.2% of taxes received totalling $12,652.

## 5. Municipal Taxes Received From Rural Municipalities

| Municipality | RM# | Budget 1999 | Actual 1999 | Actual 1998 |
|---|---|---|---|---|
| Rocanville | 151 | $ 724,823 | $ 724,824 | $ 679,540 |
| Spy Hill | 152 | 859,038 | 859,040 | 821,969 |
| Pense | 160 | 416,671 | 414,709 | 379,501 |
| Langenburg | 181 | 642,463 | 643,487 | 653,085 |
| Usborne | 310 | 1,021,073 | 1,021,071 | 1,002,186 |
| Colonsay | 342 | 640,770 | 640,768 | 603,457 |
| Blucher | 343 | 582,181 | 683,346 | 654,789 |
| Corman Park | 344 | 563,179 | 563,179 | 536,347 |
| Vanscoy | 345 | 775,698 | 775,697 | 750,346 |
| | | $ 6,225,896 | $ 6,326,121 | $ 6,081,220 |

## 6. Budget

The budgeted amounts disclosed in these statements are those approved by the Municipal Potash Tax Sharing Administration Board.

## 7. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to municipalities, suppliers, or other parties, have been fully resolved.

## 8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Schedule 1**

## MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## SCHEDULE OF TAX SHARING DISTRIBUTIONS MADE TO MUNICIPALITIES
### For the Year Ended December 31

| | | Budget 1999 | Actual 1999 | Actual 1998 |
|---|---|---|---|---|
| **Saskatoon/Lanigan Area** | | | | |
| Rural Municipalities | | | | |
| # 279 | Mount Hope | $ 512 | $ 526 | $ 522 |
| 280 | Wreford | 17,817 | 18,324 | 15,605 |
| 281 | Wood Creek | 2,512 | 2,583 | 2,925 |
| 283 | Rosedale | 1,249 | 1,285 | 1,225 |
| 309 | Prairie Rose | 56,048 | 57,640 | 51,619 |
| 310 | Usborne | 258,783 | 266,135 | 264,484 |
| 312 | Morris | 175,672 | 180,663 | 179,678 |
| 313 | Lost River | 117,362 | 120,697 | 120,018 |
| 314 | Dundurn | 105,202 | 108,192 | 107,849 |
| 315 | Montrose | 111,103 | 114,259 | 113,848 |
| 316 | Harris | 24,361 | 25,053 | 24,956 |
| 339 | Leroy | 36,954 | 38,004 | 37,797 |
| 340 | Wolverine | 233,255 | 239,882 | 224,325 |
| 341 | Viscount | 217,521 | 223,701 | 222,508 |
| 342 | Colonsay | 255,159 | 262,408 | 240,929 |
| 343 | Blucher | 424,024 | 435,503 | 394,150 |
| 344 | Corman Park | 478,262 | 491,849 | 488,833 |
| 345 | Vanscoy | 429,066 | 441,256 | 415,260 |
| 346 | Perdue | 95,429 | 98,140 | 97,770 |
| 371 | Bayne | 24,698 | 25,399 | 25,272 |
| 372 | Grant | 37,491 | 38,556 | 38,364 |
| 373 | Aberdeen | 98,978 | 101,790 | 101,131 |
| 376 | Eagle Creek | 16,703 | 17,178 | 16,957 |
| | | 3,218,161 | 3,309,023 | 3,186,025 |
| **Saskatoon/Lanigan Area** | | | | |
| Urban Municipalities | | | | |
| | Village of Aberdeen | 6,254 | 6,431 | 6,192 |
| | Town of Allan | 37,049 | 38,095 | 36,679 |
| | Town of Asquith | 7,033 | 7,231 | 6,962 |
| | Village of Bradwell | 7,653 | 7,869 | 7,576 |
| | Village of Clavet | 17,891 | 18,396 | 17,713 |
| | Town of Colonsay | 22,588 | 23,226 | 22,363 |
| | Town of Delmany | 16,295 | 16,755 | 16,132 |
| | Town of Delisle | 44,332 | 45,584 | 43,889 |
| | Village of Drake | 3,259 | 3,351 | 3,226 |
| | Village of Elstow | 4,908 | 5,047 | 4,859 |
| | Village of Guernsey | 6,808 | 7,000 | 6,740 |
| | Village of Kinley | 409 | 421 | 405 |
| | Town of Langham | 13,880 | 14,272 | 13,742 |

**Schedule 1 (Continued)**

## MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## SCHEDULE OF TAX SHARING DISTRIBUTIONS MADE TO MUNICIPALITIES
### For the Year Ended December 31

| | Budget 1999 | Actual 1999 | Actual 1998 |
|---|---|---|---|
| **Saskatoon/Lanigan Area** | | | |
| Urban Municipalities | | | |
| Town of Lanigan | 62,487 | 64,251 | 61,863 |
| Village of Lockwood | 317 | 326 | 313 |
| Town of Martensville | 16,651 | 17,121 | 16,485 |
| Village of Meacham | 1,042 | 1,072 | 1,032 |
| Village of Perdue | 5,317 | 5,467 | 5,264 |
| Village of Plunkett | 1,122 | 1,153 | 1,110 |
| Village of Vanscoy | 16,677 | 17,148 | 16,511 |
| Village of Viscount | 15,569 | 16,009 | 15,414 |
| Town of Vonda | 3,813 | 3,921 | 3,775 |
| Town of Warman | 20,860 | 21,449 | 20,652 |
| Town of Watrous | 18,868 | 19,400 | 18,679 |
| Village of Young | 4,222 | 4,341 | 4,180 |
| Village of Zelma | 2,270 | 2,333 | 2,247 |
| | 357,574 | 367,669 | 354,003 |
| | 3,575,735 | 3,676,692 | 3,540,028 |
| **Esterhazy Area** | | | |
| Rural Municipalities | | | |
| # 121 Moosomin | 63,295 | 63,325 | 56,698 |
| 122 Martin | 17,619 | 17,627 | 15,772 |
| 151 Rocanville | 383,419 | 383,596 | 382,503 |
| 152 Spy Hill | 524,617 | 524,859 | 473,486 |
| 153 Willowdale | 52,309 | 52,333 | 67,538 |
| 181 Langenburg | 397,573 | 397,756 | 381,617 |
| 183 Fertile Belt | 336,267 | 336,422 | 332,969 |
| 211 Churchbridge | 140,117 | 140,182 | 140,047 |
| 213 Saltcoats | 84,468 | 84,507 | 84,626 |
| | 1,999,684 | 2,000,607 | 1,935,256 |
| Urban Municipalities | | | |
| Village of Atwater | 473 | 473 | 458 |
| Village of Bangor | 770 | 771 | 745 |
| Resort Village of Birds Point | 608 | 608 | 589 |
| Town of Bredenbury | 4,972 | 4,975 | 4,812 |
| Town of Churchbridge | 11,012 | 11,017 | 10,657 |
| Town of Esterhazy | 91,826 | 91,868 | 88,867 |
| Village of Gerald | 8,864 | 8,868 | 8,578 |
| Town of Langenburg | 14,323 | 14,329 | 13,861 |

**Schedule 1 (Continued)**

## MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD
## SCHEDULE OF TAX SHARING DISTRIBUTIONS MADE TO MUNICIPALITIES
### For the Year Ended December 31

| | Budget 1999 | Actual 1999 | Actual 1998 |
|---|---|---|---|
| **Esterhazy Area** | | | |
| Urban Municipalities | | | |
| Town of Rocanville | 47,291 | 47,313 | 45,767 |
| Village of Spy Hill | 14,268 | 14,275 | 13,809 |
| Village of Stockholm | 4,810 | 4,812 | 4,655 |
| Village of Tantallon | 8,215 | 8,219 | 7,951 |
| Village of Welwyn | 7,891 | 7,895 | 7,637 |
| Village of Yarbo | 6,864 | 6,867 | 6,643 |
| | 222,187 | 222,290 | 215,029 |
| | 2,221,871 | 2,222,897 | 2,150,285 |
| **Pense Area** | | | |
| Rural Municipalities | | | |
| # 129 Bratt's Lake | 2,507 | 2,495 | 2,435 |
| 130 Redburn | 51,671 | 51,428 | 50,342 |
| 131 Baildon | 17,598 | 17,515 | 17,093 |
| 159 Sherwood | 27,553 | 27,423 | 26,870 |
| 160 Pense | 159,478 | 158,727 | 142,679 |
| 161 Moose Jaw | 77,866 | 77,500 | 65,607 |
| 189 Lumsden | 10,494 | 10,445 | 10,189 |
| 190 Dufferin | 20,011 | 19,916 | 19,077 |
| 191 Marquis | 7,076 | 7,043 | 6,576 |
| | 374,254 | 372,492 | 340,868 |
| Urban Municipalities | | | |
| Village of Belle Plaine | 2,855 | 2,841 | 2,600 |
| Village of Bethune | 4,182 | 4,162 | 3,809 |
| Village of Briercrest | 1,394 | 1,387 | 1,269 |
| Village of Disley | 569 | 566 | 518 |
| Village of Drinkwater | 3,881 | 3,863 | 3,534 |
| Village of Grand Coulee | 3,747 | 3,729 | 3,413 |
| Village of Pense | 23,819 | 23,708 | 21,695 |
| Village of Tuxford | 1,137 | 1,132 | 1,036 |
| | 41,584 | 41,388 | 37,874 |
| | 415,838 | 413,880 | 378,742 |
| Total tax sharing – to Statement 1 | $ 6,213,444 | $ 6,313,469 | $ 6,069,055 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Northern Revenue Sharing Trust Account as at December 31, 1999 and the statements of revenues, expenditures and net assets, and cash flows for the year then ended. The Northern Revenue Sharing Trust Account's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Northern Revenue Sharing Trust Account as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
March 3, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## NORTHERN REVENUE SHARING TRUST ACCOUNT
## STATEMENT OF FINANCIAL POSITION
### As at December 31

| | 1999 | 1998 |
|---|---|---|
| Financial assets | | |
| Cash and temporary investments | $ 19,644,847 | $ 19,270,735 |
| Accounts receivable (Note 4) | 775,014 | 1,602,524 |
| Inventory held for resale | 420,395 | 426,274 |
| Prepaid expenditures | 115,763 | 110,326 |
| Land held for resale | 14,910 | 6,450 |
| | $ 20,970,929 | $ 21,416,309 |
| Liabilities | | |
| Unearned revenue | $ 1,594,580 | $ 1,505,016 |
| Transfers payable | 1,443,987 | 1,510,369 |
| Accounts payable | 404,839 | 639,137 |
| Revenues collected for others | 129,143 | 118,556 |
| | $ 3,572,549 | $ 3,773,078 |
| Net assets (Note 8) | $ 17,398,380 | $ 17,643,231 |

Tangible capital assets (Note 5)
Commitments (Note 6)

(see accompanying notes to the financial statements)

**Statement 2**

## NORTHERN REVENUE SHARING TRUST ACCOUNT
## STATEMENT OF REVENUES, EXPENDITURES AND NET ASSETS
### For the Year Ended December 31

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget (Note 7) | Actual | Actual |
| Revenues: | | | |
| Transfers (Note 10) | $ 6,021,829 | $ 5,992,944 | $ 7,020,885 |
| Lease fees | 4,017,769 | 4,026,487 | 3,921,611 |
| Taxation | 960,658 | 945,475 | 1,008,967 |
| Interest | 743,541 | 924,598 | 762,944 |
| Land and capital asset sales | 558,718 | 118,693 | 1,607,472 |
| Utility and fuel supply sales | 581,720 | 646,811 | 206,553 |
| Other | 42,157 | 103,068 | 40,948 |
| | 12,926,392 | 12,758,076 | 14,569,380 |
| Expenditures: (Note 9) | | | |
| Transfers: | | | |
| Northern revenue sharing | 5,149,741 | 5,176,501 | 4,952,163 |
| Water and sewer | 5,300,000 | 3,863,528 | 1,286,572 |
| Infrastructure | 191,200 | 157,897 | 486,334 |
| Northern capital | 1,153,855 | 1,481,719 | 754,525 |
| Tangible capital asset expenditures | 405,240 | 200,768 | 1,155,516 |
| Municipal Services: | | | |
| General government | 1,002,766 | 904,125 | 822,886 |
| Transportation services | 276,370 | 186,232 | 209,064 |
| Utilities and fuel operating costs | 607,800 | 684,558 | 270,337 |
| Community projects | 152,146 | 108,743 | 94,323 |
| Recreation and cultural | 194,450 | 96,176 | 98,563 |
| Environmental | 152,911 | 113,506 | 119,964 |
| Protective services | 18,550 | 10,859 | 4,791 |
| Public health and welfare | 28,044 | 697 | 2,841 |
| Bad debt provision | 40,350 | 17,618 | 38,506 |
| | 14,673,423 | 13,002,927 | 10,296,385 |
| (Deficit)/surplus for the year | $ (1,747,031) | (244,851) | 4,272,995 |
| Net assets, beginning of year | | 17,643,231 | 13,370,236 |
| Net assets, end of year | | $ 17,398,380 | $ 17,643,231 |

(see accompanying notes to the financial statements)

Statement 3

## NORTHERN REVENUE SHARING TRUST ACCOUNT
## STATEMENT OF CASH FLOWS
## Year Ended December 31

| | 1999 | 1998 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating Activities: | | |
| (Deficit)/surplus for the year | $ (244,851) | $ 4,272,995 |
| Change in non-cash working capital: | | |
| Decrease (increase) in accounts receivable | 827,510 | (452,342) |
| Decrease (increase) in inventory | 5,879 | (426,274) |
| (Increase) in prepaid expenditures | (5,437) | (978) |
| (Increase) in land held for resale | (8,460) | (1,200) |
| Increase in unearned revenue | 89,564 | 85,476 |
| (Decrease) increase in transfers payable | (66,382) | 165,905 |
| (Decrease) increase in accounts payable | (234,298) | 284,868 |
| Increase (decrease) in revenues collected for others | 10,587 | (11,408) |
| Cash provided by operating activities | 374,112 | 3,917,042 |
| Cash and temporary investments, beginning of year | 19,270,735 | 15,353,693 |
| Cash and temporary investments, end of year | $ 19,644,847 | $ 19,270,735 |

(see accompanying notes to the financial statements)

# NORTHERN REVENUE SHARING TRUST ACCOUNT
## NOTES TO THE FINANCIAL STATEMENTS
## December 31, 1999

### 1. Authority

The Northern Revenue Sharing Trust Account (NRSTA) was established by section 287 of *The Northern Municipalities Act* (Act). NRSTA administers all revenues relating to the Northern Saskatchewan Administration District. This district is a geographic area in Northern Saskatchewan excluding towns, northern villages and northern hamlets. NRSTA also administers all monies appropriated by the Legislature for the purposes of issuing northern revenue sharing and northern capital transfers to northern municipalities.

### 2. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector. The following policies are considered to be significant:

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Tangible Capital Assets

Tangible capital assets are recorded as an expenditure when acquired.

c) Inventory Held for Resale

Inventory held for resale is valued at the lower of average cost and net realizable value.

d) Tax Enforcement Properties

Properties acquired through the tax enforcement process are recorded at the lower of the outstanding taxes and the net realizable value.

e) Revenues Collected for Others

Pursuant to the Act, NRSTA collects taxes for northern hamlets and northern school divisions. Taxes levied on behalf of northern hamlets and northern school divisions are not considered revenue of NRSTA and are not reflected in the statement of revenues, expenditures and net assets. These taxes are remitted to the respective entities when received.

f) Transfers

Transfers are recognized as expenditures when grants and/or projects are approved and the recipient has met eligibility criteria.

FC

### g) Unearned Revenue

Unearned revenue is revenue that will be earned in a subsequent fiscal year and includes Crown lease fees.

## 3. Financial Instruments

NRSTA's financial instruments include cash, temporary investments, accounts receivable, prepaid expenditures, transfers payable, accounts payable and revenues collected for others. The fair value of these instruments approximate carrying value due to their immediate or short-term nature. The interest rates on the short-term deposits range from 3.50% to 5.25%.

## 4. Accounts Receivable

| | 1999 | 1998 |
|---|---|---|
| Due from General Revenue Fund (Note 10) | $ 16,326 | $ 832,223 |
| Accrued interest | 322,999 | 368,828 |
| Receivable from Federal Government (GST) | 77,112 | 47,303 |
| Crown lease fees | 16,312 | 103,795 |
| Taxes | 23,783 | 26,048 |
| Other | 318,482 | 224,327 |
| | $ 775,014 | $ 1,602,524 |

## 5. Tangible Capital Assets

| | Cost 1998 | Additions | Disposals | Cost 1999 |
|---|---|---|---|---|
| Land | $ 53,685 | $ 5,587 | $ --- | $ 59,272 |
| Buildings | 3,743,381 | 15,380 | --- | 3,758,761 |
| Equipment | 4,133,205 | 178,661 | 33,828 | 4,278,038 |
| Water & sewer facilities | 1,961,879 | 1,140 | --- | 1,963,019 |
| | $ 9,892,150 | $ 200,768 | $ 33,828 | $ 10,059,090 |

Reporting policies are currently being developed, and information being gathered on the useful lives of tangible capital assets. Accordingly, accumulated amortization and net book value of tangible capital assets are not reported in these financial statements.

## 6. Commitments

As at December 31, 1999, NRSTA is committed to funding northern capital and water and sewer projects. These commitments total $5,663,992 (1998 - $8,420,525).

## 7. Budget

The budget was approved by the Deputy Minister of Municipal Affairs, Culture and Housing.

## 8. Northern Settlements and Recreational Subdivisions

Included in the District are Northern Settlements and Recreational Subdivisions. Under the Act, revenues collected with respect to northern settlements and recreational subdivisions must be used for the benefit of the respective communities and are not available for general purposes. The Act specifies that revenues derived from the sale of Crown land within the boundaries of a northern settlement are to be expended on capital works in that northern settlement. The Act also specifies that the revenue derived from the sale of capital assets must be spent on capital works.

Following is additional information on revenues, expenditures and net assets of northern settlements, recreational subdivisions and capital works:

| | 1999 | | | | 1998 |
|---|---|---|---|---|---|
| | Northern Settlements | Recreational Subdivisions | Capital Works | Total | Total |
| Revenues: | | | | | |
| Transfers | | | | | |
| Northern revenue sharing | $ 786,356 | $ — | $ — | $ 786,356 | $ 637,156 |
| Uranium City fuel supply | — | — | — | — | 1,500,000 |
| Northern capital | 99,498 | — | — | 99,498 | 140,100 |
| Infrastructure | 47,907 | — | — | 47,907 | 90,084 |
| Water and sewer | 1,140 | — | — | 1,140 | 23,517 |
| Other | 67,976 | — | — | 67,977 | 44,801 |
| Utilities and fuel sales | 646,811 | — | — | 646,810 | 206,553 |
| Lease fees | 31,092 | — | — | 31,092 | 24,757 |
| Taxation | 22,174 | 61,992 | — | 84,166 | 89,242 |
| Interest | 79,236 | 18,525 | — | 97,761 | 77,262 |
| Land and capital asset sales | — | — | 32,960 | 32,960 | 5,782 |
| Other | 88,096 | 1,430 | — | 89,526 | 31,619 |
| | 1,870,286 | 81,947 | 32,960 | 1,985,193 | 2,870,873 |
| Expenditures: | | | | | |
| Capital asset expenditures | 174,453 | 7,259 | — | 181,712 | 1,152,569 |
| Municipal Services: | | | | | |
| General government | 172,431 | 6,400 | — | 178,831 | 122,429 |
| Transportation | 155,317 | 30,916 | — | 186,233 | 209,064 |
| Utility and fuel costs | 684,558 | — | — | 684,558 | 270,337 |
| Community projects | 108,743 | — | — | 108,743 | 94,323 |
| Recreation and cultural | 89,542 | 6,633 | — | 96,175 | 98,563 |
| Environmental | 96,028 | 17,478 | — | 113,506 | 119,964 |
| Protective services | 10,139 | 720 | — | 10,859 | 4,790 |
| Public health and welfare | 697 | — | — | 697 | 2,841 |
| Bad debt provision | 10,547 | 1,722 | — | 12,269 | 34,362 |
| | 1,502,455 | 71,128 | — | 1,573,583 | 2,109,242 |
| Surplus for the year | 367,831 | 10,819 | 32,960 | 411,610 | 761,631 |
| Net assets, beginning of year | 1,719,092 | 314,173 | 158,940 | 2,192,205 | 1,456,442 |
| Transfers | — | — | — | — | (25,868) |
| Net assets, end of year | $ 2,086,923 | $ 324,992 | $ 191,900 | $ 2,603,815 | $ 2,192,205 |
| Net assets are represented by: | | | | | |
| Cash and temporary investments | $ 1,581,000 | $ 368,325 | $ 191,900 | $ 2,141,225 | $ 1,800,991 |
| Inventory held for resale | 420,395 | — | — | 420,395 | 426,274 |
| Accounts receivable | 176,784 | 19,625 | — | 196,409 | 327,535 |
| Accounts payable | (91,256) | (62,958) | — | (154,214) | (362,595) |
| Net assets, end of year | $ 2,086,923 | $ 324,992 | $ 191,900 | $ 2,603,815 | $ 2,192,205 |

## 9. Expenditures by Object

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Transfers | $ 11,794,796 | $ 10,679,645 | $ 7,479,594 |
| Operating costs | 1,542,466 | 1,537,516 | 1,097,441 |
| Tangible capital asset expenditures | 405,240 | 200,768 | 1,155,516 |
| Salaries and benefits | 334,760 | 240,684 | 225,215 |
| Other | 596,161 | 344,314 | 338,619 |
| | $ 14,673,423 | $ 13,002,927 | $ 10,296,385 |

## 10. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to NRSTA by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

| | 1999 | 1998 |
|---|---|---|
| Revenues | $ 10,138 | $ 6,598 |
| Expenditures | 340,938 | 392,705 |
| Accounts receivable | 16,326 | 98,987 |
| Accounts payable | 199,045 | 319,224 |

In addition, NRSTA pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and notes.

NRSTA received the following transfers from related parties during the year:

| | 1999 | 1998 |
|---|---|---|
| General Revenue Fund | | |
| - Department of Municipal Affairs, Culture and Housing | $ 5,933,908 | $ 6,976,084 |
| - Department of Health | 3,503 | 22,420 |
| New Careers | 46,614 | 9,451 |
| Saskatchewan Lotteries | 8,919 | 12,930 |
| | $ 5,992,944 | $ 7,020,885 |

NRSTA administers the Department of Municipal Affairs, Culture and Housing's Infrastructure Works Program for Northern Municipalities. These monies received and disbursed for towns, northern villages and northern hamlets are not considered revenues or expenditures of NRSTA. During the year, NRSTA received $884,360 (1998 - $405,267), of which $832,223 was recorded as receivable in 1998, from the General Revenue Fund and disbursed $52,137 (1998 - $1,237,490) on behalf of towns, northern villages and northern hamlets.

The Department of Environment and Resource Management (DERM) is responsible for administering Crown land within the District. Therefore, Crown land is not reflected on the statement of financial position. However, in accordance with the Northern Crown Land Disposition Regulations and the Act, NRSTA is entitled to receive all proceeds from Crown land sales and leases within the District. During the year, DERM charged NRSTA $430,000 (1998 - $430,000) for administration of Crown lease fees and Crown land sales.

An annual administration charge of $200,000 has been established by the Department of Municipal Affairs, Culture and Housing to offset its expenses for administering NRSTA. At December 31, 1999, $150,000 (1998 - $150,000) remains unpaid and has been recorded as an accounts payable on the statement of financial position.

## 11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than that date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Oil and Gas Environmental Fund as at March 31, 2000 and the statement of revenue, expenditure and net assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
May 8, 2000

Statement 1

# OIL AND GAS ENVIRONMENTAL FUND
## BALANCE SHEET
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Due from General Revenue Fund (Note 5) | $ 2,407,402 | $ 2,295,194 |
| **FUND BALANCE** | | |
| Net Assets (Statement 2) (Note 4) | $ 2,407,402 | $ 2,295,194 |

(See accompanying notes to the financial statements)

Statement 2

# OIL AND GAS ENVIRONMENTAL FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
### Year Ended March 31

| | Budget | Actual | |
|---|---|---|---|
| | 2000 | 2000 | 1999 |
| Revenue: | | | |
| Interest (Note 5) | $ 90,000 | $ 112,208 | $ 116,493 |
| Expenditure: | | | |
| Well site restoration contracts | 140,000 | --- | 86,567 |
| Excess of revenue over expenditure | $ (50,000) | 112,208 | 29,926 |
| Net Assets beginning of year | | 2,295,194 | 2,265,268 |
| Net Assets end of year - to Statement 1 | | $ 2,407,402 | $ 2,295,194 |

(See accompanying notes to the financial statements)

# OIL AND GAS ENVIRONMENTAL FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority

The Oil and Gas Environmental Fund was established on May 17, 1989, pursuant to Section 18.2 of *The Oil and Gas Conservation Regulations, 1985* (Regulations). The purpose of the Fund is to provide a mechanism to respond adequately to environmental problems associated with the exploration, development, production, and transportation of oil and gas. The Fund originated through a one-time assessment of $100 per well to a maximum of $20,000 per company.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles.

3. A cash flow statement has not been provided as the cash flow information is readily apparent from the financial statements.

### 4. Net Assets

The net assets represent assessments raised in accordance with subsection 18.3(2) of the Regulations less well site restoration costs. The net assets, together with any future recoveries of well site restoration costs, are available to provide for expenditures under section 18.4 of the Regulations which relate to the:

a) restoration of abandoned well sites, as a result of disappearance or insolvency of the well owner or operator.

b) containment or clean up of major environmental problems arising from oil and gas exploration, development, production or transportation operations.

### 5. Related Party Transactions

Included in these financial statements are transactions with departments related to the Fund by virtue of common control by the Government of Saskatchewan.

The Fund's money is on deposit with the General Revenue Fund (GRF). The GRF calculates and pays the Fund's interest on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate in 1999/2000 was 4.79%.

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Energy and Mines - General Revenue Fund.

## 6. Budget

The budget for the Fund is included with the Department of Energy and Mines budget submission to Treasury Board. Treasury Board approves the Fund's budget annually.

Deloitte &
Touche

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of the Sask911 Account as at March 31, 2000, and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of SaskTel management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Sask911 Account as at March 31, 2000, and the results of its operations and net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP.

Chartered Accountants

Regina, Saskatchewan
June 19, 2000

## Sask911 Account

### Balance Sheet

As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash (Note 5) | $ 458,068 | $ 41,883 |
| Receivable from Saskatchewan Telecommunications (Note 5) | 5,388 | 122 |
| Interest receivable | 1,441 | 144 |
| | $ 464,897 | $ 42,149 |
| **NET ASSETS** | $ 464,897 | $ 42,149 |
| | $ 464,897 | $ 42,149 |

See accompanying notes.

On behalf of SaskTel

Stephanson Officer

Officer

## Sask911 Account

### Statement of Operations and Net Assets

For the year ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Revenues** | | |
| Net Sask911 Account fees (Note 4) | $ 618,071 | $ 42,005 |
| Interest income | 5,953 | 144 |
| Total revenues | 624,024 | 42,149 |
| **Expenses** | | |
| Public safety answering points | 201,276 | - |
| Central co-ordination | - | - |
| Start-up communications | - | - |
| Standards and training | - | - |
| Total expenses | 201,276 | - |
| Excess of revenues over expenses | 422,748 | 42,149 |
| NET ASSETS, BEGINNING OF YEAR | 42,149 | - |
| NET ASSETS, END OF YEAR | $ 464,897 | $ 42,149 |

See accompanying notes.

# SASK911 ACCOUNT

## Notes to Financial Statements

March 31, 2000

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using generally accepted accounting principles.

### 2. STATUS OF THE SASK911 ACCOUNT

*The Emergency 911 System Act* (Chapter E – 7.3 of the Statutes of Saskatchewan) ("the Act") provides for the development, implementation and operation of an Emergency 911 system in the Province, known as The Sask911 System.

Section 45.1 of *The Saskatchewan Telecommunications Act* ("the SaskTel Act") established the Sask911 Account ("the Account"). Effective January 1, 1999 *The Sask911 Fees Regulations* (Chapter S - 34 Reg 3 as amended by Saskatchewan Regulations 39/1999) requires all telecommunication operators providing local telephone services in certain municipalities in Saskatchewan to bill their connected customers prescribed Sask911 fees and to remit these fees to Saskatchewan Telecommunications ("SaskTel") for deposit into the Account. SaskTel manages the Account.

Section 7 of the Act provides that the Minister responsible may direct SaskTel to make payments out of the Account for the purposes of implementing the Act or exercising any of the Minister's powers.

### 3. SCOPE OF FINANCIAL STATEMENTS

In addition to its role in collecting the Sask911 fees referred to in Note 2, pursuant to 9(1)(d.1) of the SaskTel Act, SaskTel is entitled to recover its cost of installing and maintaining the equipment and facilities required to place emergency 911 calls in the Province of Saskatchewan. Fees charged by SaskTel in respect of its telecommunications cost are not reflected in these financial statements but rather as revenue in the financial statements of SaskTel.

# SASK911 ACCOUNT

## Notes to Financial Statements

March 31, 2000

### 4. SASK911 FEES

A portion of the Sask911 fee is retained by SaskTel to cover its cost of billing and account management. The Sask911 fees were deposited into the Account as follows:

| **Sask911 fees billed** | 2000 | 1999 |
|---|---|---|
| Residential | $571,832 | $ 39,403 |
| Business/Centrex | 76,146 | 4,668 |
| Multiline/PBX | 94,863 | 6,220 |
| | 742,841 | 50,291 |
| LESS: SaskTel billing and account management fee retained | 124,770 | 8,286 |
| Net Sask911 Account fees | $618,071 | $ 42,005 |

### 5. DESIGNATED ASSETS

The Account contains designated assets to be used for the following funding purposes, under the direction of the Minister:

| **Designated assets** | 2000 | 1999 |
|---|---|---|
| Public safety answering points | $210,509 | $ 26,218 |
| Central coordination | 55,873 | 3,508 |
| Start-up communications | 176,729 | 11,283 |
| Standards and training | 15,689 | 996 |
| | $458,800 | $ 42,005 |

Cash reported on the balance sheet includes interest of $4,656 paid to the Sask911 account, which is not included in the amounts designated above.

### 6. STATEMENT OF CHANGES OF FINANCIAL POSITION

A statement of cash flows has not been provided as it does not directly provide additional meaningful information.

# SASK911 ACCOUNT

## Notes to Financial Statements

March 31, 2000

### 7. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Archives Board as at March 31, 2000 and the statements of revenue and expenditures and net financial assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with the generally accepted public sector accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
September 14, 2000

Statement 1

# SASKATCHEWAN ARCHIVES BOARD
## STATEMENT OF FINANCIAL POSITION
As at March

| | 2000 | 1999 |
|---|---|---|
| Financial Assets: | | |
| Due from the University of Saskatchewan (note 4) | $ - | $ 21,701 |
| Accounts receivable | 5,783 | 1,354 |
| General Revenue Fund - Grant Receivable | 313,000 | - |
| Prepaid expenses | 10,537 | 3,382 |
| | 329,320 | 26,437 |
| Investment in Pooled funds (Note 4 and 5) | 47,371 | 47,371 |
| | 376,691 | 73,808 |
| Liabilities: | | |
| Due to the University of Saskatchewan (note 4) | 110,500 | - |
| Accrued vacation pay payable | 91,678 | 51,863 |
| Accounts payable | 99,164 | 85,956 |
| Deferred Revenue | 26,897 | 20,595 |
| | 328,239 | 158,414 |
| Net financial assets/(liabilities) (Statement 2) | $ 48,452 | $ (84,606) |
| Investment in tangible capital assets (note 3) | $ 153,199 | $ 120,559 |

(See accompanying notes to the financial statements)

Statement 2

# SASKATCHEWAN ARCHIVES BOARD
## STATEMENT OF REVENUE AND EXPENDITURES AND NET FINANCIAL ASSETS
For the year Ended March 31

| | Budget 2000 (Note 9) | Actual 2000 | Actual 1999 |
|---|---|---|---|
| **Revenue:** | | | |
| Grants - General Revenue Fund | $ 2,569,000 | $ 2,598,000 | $ 2,116,000 |
| Canadian Council of Archives | | 12,624 | - |
| | 2,569,000 | 2,610,624 | 2,116,000 |
| Services | 166,511 | 161,193 | 104,056 |
| Photocopy sales | 40,500 | 41,925 | 41,136 |
| Magazine sales | 12,000 | 15,207 | 7,754 |
| Miscellaneous | 1,350 | 14,089 | 3,906 |
| | 2,789,361 | 2,843,038 | 2,272,852 |
| **Expenditures:** | | | |
| Salaries and benefits | 1,681,710 | 1,655,019 | 1,641,751 |
| Administrative services | 976,581 | 884,574 | 710,170 |
| Printing and postage | 17,150 | 34,836 | 26,466 |
| Equipment | 41,200 | 97,183 | 90,049 |
| Materials & supplies | 25,650 | 38,368 | 22,082 |
| | 2,742,291 | 2,709,980 | 2,490,518 |
| Increase (decrease) in net financial assets | $ 47,070 | 133,058 | (217,666) |
| Net financial (liabilities)/assets, beginning of year | | (84,606) | 133,060 |
| Net financial assets/(liabilities), end of year | | $ 48,452 | $ (84,606) |

(See accompanying notes to the financial statements)

Statement 3

# SASKATCHEWAN ARCHIVES BOARD
## STATEMENT OF CASH FLOWS
For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash provided by (used in) operating activities: | | |
| Increase (decrease) in net financial assets | $ 133,058 | $ (217,666) |
| Change in net financial assets: | | |
| (Increase) decrease in grant and accounts receivable | (317,429) | 118,981 |
| (Increase) decrease in prepaid expenses | (7,154) | 2,631 |
| Increase (decrease) in accrued vacation payable | 39,815 | (19,608) |
| Increase in accounts payable | 13,206 | 34,700 |
| Increase (decrease) in deferred revenue | 6,302 | (1,805) |
| Net change in non-cash working capital balances related to operations | (265,260) | 134,899 |
| Cash provided by (used in) operating activities | (132,201) | (82,767) |
| Due from the University of Saskatchewan, beginning of year | 21,701 | 104,468 |
| Due to the University of Saskatchewan, end of year | $ (110,500) | $ 21,701 |

(See accompanying notes to the financial statements)

# SASKATCHEWAN ARCHIVES BOARD
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority

The Saskatchewan Archives Board was established under the authority of *The Archives Act* for the purpose of acquiring and preserving historical documents relating to the history of Saskatchewan and providing these documents to the public for research purposes.

## 2. Accounting Policies

The financial statements are prepared using generally accepted accounting principles. The following accounting policies are significant.

### a) Tangible Capital Assets

Tangible Capital assets are charged to expenditure when purchased rather than when consumed. For accountability purposes, these assets are also recorded separately as an investment in tangible capital assets. The unconsumed cost of the physical assets is the cost of the tangible capital assets less amortization provided over the estimated useful life of the assets on a straight-line basis as follows:

| | |
|---|---|
| Computer hardware | 3 years |
| Computer software | 3 years |
| Equipment | 5 years |
| Furniture | 5 - 20 years |

This amortization procedure does not impact the statement of revenues and expenditures.

The Board has placed a nil value on the permanent collection of archival materials for financial statement purposes.

The cost of materials used to preserve the archival collection is expensed.

### b) Expenditures

Expenditures are recorded on the accrual basis and include the costs of tangible capital assets acquired during the year.

c) Investments

Investments are comprised of units in a pooled fund held by the University of Saskatchewan. Additional units are acquired when assets are transferred to the University of Saskatchewan. The Board can realize changes in the underlying unit values by redeeming units.

Units in the pooled fund are recorded in the accounts at their net asset value per unit. The net asset value per unit is the market value of the pooled funds investment divided by the total number of units outstanding in the fund.

## 3. Tangible Capital Assets

| | Office Furniture and Equipment | Computer Hardware and Software | Total 2000 | Total 1999 |
|---|---|---|---|---|
| Tangible Capital Assets | | | | |
| Cost, beginning of year | $ 354,176 | $234,124 | $588,300 | $521,403 |
| Additions | 60,576 | 32,059 | 92,635 | 77,487 |
| Disposals | (7,858) | — | (7,858) | (10,590) |
| Cost, end of year | 406,894 | 266,183 | 673,077 | 588,300 |
| Amortization | | | | |
| Accumulated amortization, beginning of year | 269,707 | 198,034 | 467,741 | 417,403 |
| Amortization in year | 25,876 | 34,119 | 59,995 | 60,928 |
| Disposals | (7,858) | — | (7,858) | (10,590) |
| Accumulated amortization, end of year | $287,725 | $232,153 | 519,878 | 467,741 |
| Investment in tangible capital assets | | | $153,199 | $120,559 |

## 4. Due to/from University of Saskatchewan

The University administers cash and investments on behalf of the Board. The University pays the Board interest only for the money related to the Evelyn Eager Estate Trust Fund and the Capital Trust Fund. The Saskatchewan Archives Board is not charged for interest on overdraft.

## 5. Saskatchewan History Trust Fund

In July 1992, the Saskatchewan Archives Board received a bequest of $40,000. It received an additional $7,371 in September 1994. The $47,371 is restricted indefinitely with the interest earned applied to the costs of publishing the Saskatchewan History magazine. The Board has the discretion to use the income for other purposes if the Board ceases publication of the magazine.

## 6. Related Party Transactions

These financial statements include transactions with related parties. The Board is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Board is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Administrative services are provided at a nominal charge to the Board by the University of Saskatchewan and the University of Regina.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. Included in administrative services are amounts paid to the Saskatchewan Property Management Corporation for office space the Board leases in Regina. Lease payments were $714,542 in 2000 (1999 - $536,933).

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 7. Pension Plan

Substantially all of the Board's employees participate in the Public Employees Pension Plan (a related party) which is a defined contribution plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Included in salaries and benefits is pension expense for the year of $81,287 (1999 - $70,147).

## 8. Financial Instruments

The Board's financial instruments include cash, investments, grants receivable, accounts receivable, accrued vacation pay payable and accounts payable. The carrying amount of these instruments approximate fair value due to their immediate or short-term maturity. These instruments do not have significant interest or credit risk.

## 9. Budget

These amounts are included in the annual budget approved by the Saskatchewan Archives Board.

## 10. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other parties, have been fully resolved.

## 11. Comparative Figures

Certain 1999 figures have been reclassified to conform to current year's presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Arts Board as at March 31, 2000 and the statement of operations and net financial assets and the statement of cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Boards approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 23, 2000

G.F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## THE SASKATCHEWAN ARTS BOARD
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| Financial assets: | | |
| Cash - Operations | $ 464,954 | $ 152,683 |
| Cash - Designated Funds (Note 5) | 109,731 | 104,316 |
| Prepaid Expenses (Note 12) | 7,006 | 125,754 |
| Accounts Receivable | 54,216 | 46,797 |
| | 635,907 | 429 550 |
| Liabilities: | | |
| Accounts payable | | |
| - Grants payable | $ 286,737 | $ 302,471 |
| - Accrued payable | 34,426 | 25,944 |
| - Other | 33,962 | 31,444 |
| Unearned Revenue | | |
| - Permanent collection rental fees | 8,938 | 5,955 |
| | 364,063 | 365,814 |
| Net financial assets | $ 271,844 | $ 63,736 |
| Net financial assets represented by: | | |
| Accumulated operating results | $ 366,618 | $ 160,376 |
| Investment in tangible capital assets (Note 4) | ( 94,774) | ( 96,640) |
| | $ 271,844 | $ 63,736 |
| Permanent collection (Note 3) | $ 1,587,653 | $ 1,544,367 |

(See accompanying notes to the financial statements)

Statement 2

# THE SASKATCHEWAN ARTS BOARD
## STATEMENT OF OPERATIONS & NET FINANCIAL ASSETS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Revenues: | | |
| Government of Saskatchewan - General Revenue Fund | $ 3,727,000 | $ 3,635,000 |
| SaskCulture Inc. | 370,000 | 110,280 |
| Other transfers | 17,716 | 55,438 |
| Interest and other revenue | 89,659 | 148,106 |
| Permanent collection | | |
| - Rental fees | 56,301 | 52,264 |
| - Donations of art and archives (Notes 2(c) & 3) | 12,075 | 49,860 |
| | 4,272,751 | 4,050,948 |
| Expenses: | | |
| Grants & transfers | | |
| - Global | $ 2,011,900 | $ 1,864,339 |
| - Gallery | 130,000 | 0 |
| - Project | 130,500 | 255,561 |
| - Artists-in-Residence | 200,000 | 98,500 |
| - Individual Assistance | 502,209 | 498,749 |
| - Other | 15,800 | 0 |
| Permanent Collection | | |
| - Purchases | 31,211 | 20,198 |
| - Donations | 12,075 | 49,860 |
| Program Delivery | | |
| - Grants | 395,628 | 437,885 |
| - Permanent Collection | 159,901 | 185,882 |
| Operations | 389,441 | 468,315 |
| Communications | 87,844 | 82,721 |
| | 4,066,509 | 3,962,010 |
| Net operating results | 206,242 | 88,938 |
| Net change in capital assets: | | |
| - Purchases of tangible assets | ( 21,484) | ( 22,626) |
| - Amortization | 23,350 | 20,357 |
| Surplus for the year | 208,108 | 86,669 |
| Net financial assets (debt), beginning of year | 63,736 | ( 22,933) |
| Net financial assets (debt), end of year | 271,844 | 63,736 |

(See accompanying notes to the financial statements)

Statement 3

# THE SASKATCHEWAN ARTS BOARD
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts: | | |
| General Revenue Fund - Appropriation | $ 3,727,000 | $ 3,605,000 |
| SaskCulture Inc. | 349,780 | 2,219 |
| Fees & Other | 177,525 | 265,369 |
| | 4,254,305 | 3,872,588 |
| Cash Disbursements: | | |
| Grant Payments | 2,877,093 | 2,911,627 |
| Salary & Benefits | 535,968 | 616,450 |
| Space & Accommodation | 157,423 | 153,550 |
| Suppliers & Others | 366,135 | 425,610 |
| | 3,936,619 | 4,107,237 |
| Net increase (decrease) in cash from operating activities | 317,686 | ( 234,649) |
| Cash position, beginning of year | 256,999 | 491,648 |
| Cash position, end of year | $ 574,685 | $ 256,999 |

Cash included in the Statement of Cash Flows is comprised of the following amounts:

| | 2000 | 1999 |
|---|---|---|
| Cash - Operations | $ 464,954 | $ 152,683 |
| Cash - Designated Funds | 109,731 | 104,316 |
| | $ 574,685 | $ 256,999 |

(See accompanying notes to the financial statements)

# THE SASKATCHEWAN ARTS BOARD
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Purpose & Authority

The Saskatchewan Arts Board was established pursuant to *The Arts Board Act*. It has been continued under *The Arts Board Act, 1997* (the Act). It exists to sustain and nurture the well-being of the arts community in Saskatchewan for the benefit of the citizens of the province. The Act continues the Saskatchewan Arts Board Fund through which all financial transactions are conducted which pertain to fulfilling the purposes of the agency as indicated in the Act.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant policies are as follows:

a) The Basis of Accounting

The financial statements are prepared on the expense basis of accounting.

b) Reporting the Results of Operations and Net Financial Assets

The statement of operations and net financial assets reports revenues for the year, the cost of capital assets consumed during the year, i.e. amortized, and the excess of revenues over expenses or expenses over revenues. The results of operations are then adjusted within the statement for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. These adjustments reconcile the results of operations to the change in net financial assets.

c) Permanent Collection

The Arts Board maintains a collection of artworks and related archives in all forms in order to inform, enlighten, and enhance the lives of present and future generations. Works in the collection are acquired through purchase, commission, donation, or bequest.

i) Permanent collection purchases are charged as an expense in the Statement of Operations & Net Financial Assets in the year of purchase.

ii) Donated works of art and archives for the permanent collection are recorded as revenue at their fair market value at the time of donation with a corresponding charge to expenses in the Statement of Operations & Net Financial Assets.

d) Tangible Capital Assets

Equipment and furnishings are recorded at cost less accumulated amortization. The net book value of equipment and furnishings is detailed in Note 4(a). Net book value of equipment and furnishings is determined by using the straight line amortization method, with an estimated residual value of 10% of cost. Equipment and furnishings are amortized as follows:

| | |
|---|---|
| Electronic equipment | 4 years |
| Other equipment | 6 years |
| Furnishings | 10 years |

e) Designated Assets

The Board periodically designates amounts from cash to be allocated for specified purposes. In designating these amounts, the Board takes into account the amounts and stated preferences of contributors. These amounts are not available for other purposes without approval of the Board.

f) Grant expenses

Grants are expensed when approved by the Board, the applicant has met the eligibility criteria and the amount of the grant can be estimated.

g) Cash

Cash consists of interest-bearing money on deposit with the bank. The interest rates range from 4.25% to 4.82%.

## 3. Permanent Collection

| | 2000 | 1999 |
|---|---|---|
| Art | $ 1,562,683 | $ 1,521,897 |
| Archives | 24,970 | 22,470 |
| | $ 1,587,653 | $ 1,544,367 |

During the year the Board purchased works of art for the permanent collection totaling $31,211 (1999 - $20,198) and received donations of art works and archives valued at $12,075 (1998 - $49,860).

In March 1994, the permanent collection was appraised by members of the Professional Art Dealers Association of Canada, and assigned a value of $1,513,157, excluding frames, on the basis of market value. The value of the collection disclosed in the financial statements at that time was $810,847.

## 4. Tangible Capital Assets

b) Equipment and Furnishings

During the year the Board purchased equipment and furnishings totaling $21,484 (1999 - $22,626). Capital assets are comprised of the following amounts:

| | 2000 | | | 1999 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Furnishings | $151,975 | $115,890 | $ 36,085 | $151,975 | $108,757 | $ 43,218 |
| Other Equipment | 50,827 | 32,766 | 18,061 | 49,812 | 29,730 | 20,082 |
| Electronic Equipment | 193,840 | 153,212 | 40,628 | 173,371 | 140,031 | 33,340 |
| Total | $396,642 | $301,868 | $ 94,774 | $375,158 | $278,518 | $ 96,640 |

The amortization for the year ended March 31, 2000 was $23,350 (1999 - $20,357).

b) Land

In July, 1998, Order-in-Council 485/98 authorized Saskatchewan Environment and Resource Management to sell, and the Arts Board to acquire, provincial lands identified in the Order-in-Council for the total value of $1. The current market value of the land has not been determined as of the issuance of the financial statements.

c) Operating lease obligations

The Board leases office space from the Saskatchewan Property Management Corporation. Future minimum lease payments under these operating leases are:

| Fiscal Year | Operating Leases |
|---|---|
| 2000/01 | $ 124,614 |
| 2001/02 | 124,614 |
| 2002/03 | 124,614 |
| Subsequently | 15,777 |
| | $ 389,619 |

## 5. Designated Funds

In 2000 the Board designated $996 from cash (1999 - $72,077). The total of amounts designated and allocated by the Board collectively earned interest of $4,719 (1999 - $3,635). In 2000 the Board disbursed $300 pursuant to these funds (1999 - $ 0). The comparative year-end allocation balances are as follows:

| | 2000 | 1999 |
|---|---|---|
| Jane Turnbull Evans Memorial Fund | $ 79,531 | $ 75,370 |
| Fred Mennie Fund | 21,825 | 20,884 |
| Cicanski-Creighton Fund | 3,601 | 3,346 |
| Painchaud Fund | 2,534 | 2,719 |
| Other Funds | 2,240 | 1,997 |
| | $ 109,731 | $ 104,316 |

## 6. Pension Plan

Employees make contributions to the Public Employees Pension Plan, a defined-contribution plan. Funding requirements are established by *The Superannuation (Supplementary Provisions) Act* and employee contributions are matched by the Board. This plan is fully funded.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Saskatchewan Arts Board by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively known as "related parties").

Routine operating transactions with related parties are settled at standard rates charged by these parties and are settled at normal trade terms. Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 8. Comparison of Planned and Actual Results by Object

Expenses on the Statement of Operations & Net Financial Assets are reported for the year ended March 31 by object as follows:

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **Revenues** | | | |
| General Revenue Fund | $ 3,727,000 | $ 3,727,000 | $ 3,635,000 |
| SaskCulture Inc. | 270,000 | 370,000 | 110,280 |
| Donations of Art & Archives | 0 | 12,075 | 49,860 |
| Other | 163,100 | 163,676 | 255,808 |
| **Total revenue** | $ 4,160,100 | $ 4,272,751 | $ 4,050,948 |
| **Expenses** | | | |
| Grants & Transfers | $ 2,927,400 | $ 2,990,409 | $ 2,717,149 |
| Permanent Collection | | | |
| Acquisitions | 37,270 | 31,211 | 20,198 |
| Donations | 0 | 12,075 | 49,860 |
| Operations | | | |
| Salaries and benefits | 642,317 | 574,779 | 609,883 |
| Office and Administration | 233,623 | 209,888 | 217,134 |
| Furniture and equipment | 34,740 | 34,745 | 34,043 |
| Programs and Services | 143,750 | 96,042 | 194,084 |
| Travel and meetings | 74,000 | 54,667 | 65,674 |
| Printing and promotion | 67,000 | 62,693 | 53,985 |
| **Total expenses** | 4,160,100 | 4,066,509 | 3,962,010 |
| **Excess of revenues over expenses (expenses over revenues)** | $ 0 | $ 206,242 | $ 88,938 |

The budget for the 1999/00 year was approved by the Board on April 30, 1999.

## 9. Financial Instruments

The Arts Board's significant financial instruments consist of cash, accounts receivable, and accounts payable. The fair values of the cash, accounts receivable, and accounts payable approximate their carrying value due to the short-term nature of these instruments.

## 10. Uncertainty Due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Arts Board, including those relating to customers, suppliers, or other third parties, have been fully resolved.

## 11. Commitments

During the year the Board approved grants of $1,876,433 for the subsequent year (1999 - $2,035,900), subject to the availability of funding for this purpose

## 12. Prepaid Grants

None of the global grants approved for the year ending March 31, 2001 was prepaid (1999 - $113,250).

## 13. Protocol Agreement

In December, 1997 the Board entered into a 3-year protocol agreement with SaskCulture Inc. to outline new principles involving the assessment and funding of provincial cultural organizations. In 2000 the Board adjudicated funding of $1,247,900 on behalf of SaskCulture Inc. to be paid to six organizations. SaskCulture Inc. paid a fee of $15,000 to the Arts Board for this purpose.

## 14. Comparative Amounts

Certain 1999 balances have been reclassified to conform with the current year's presentation.

Deloitte &
Touche

## Auditors' Report

To the Board of Directors of
the Saskatchewan Assessment Management Agency

We have audited the balance sheet of Saskatchewan Assessment Management Agency as at December 31, 1999 and the statements of revenues, expenses and operating surplus and cash flows for the year then ended. These financial statements are the responsibility of the agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the agency as at December 31, 1999 and the results of its operations and its cash flow for the year then ended in accordance with generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants

February 23, 2000

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

(Established under The Assessment Management Agency Act - Saskatchewan)

## Balance Sheet

**December 31, 1999**

| | 1999 | 1998 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and temporary investments | $ 1,603,600 | $ 1,455,250 |
| Accounts receivable and accrued interest | 143,665 | 101,960 |
| Prepaid expenses | 13,428 | 13,363 |
| GST receivable | - | 26,530 |
| | 1,760,693 | 1,597,103 |
| FIXED ASSETS (Note 4) | 327,145 | 313,545 |
| | 2,087,838 | 1,910,648 |
| **CURRENT LIABILITIES** | | |
| Accounts payable | 101,315 | 166,015 |
| GST payable (Note 3) | 159,701 | - |
| Deferred revenue (Note 5) | 714,075 | 714,075 |
| | 975,091 | 880,090 |
| **SURPLUS** | | |
| Equity in fixed assets (Note 6) | 327,145 | 313,545 |
| Accumulated operating surplus | 189,828 | 137,624 |
| Reserves (Note 7) | 595,774 | 579,389 |
| | 1,112,747 | 1,030,558 |
| | $ 2,087,838 | $ 1,910,648 |

APPROVED BY THE BOARD

.......................................... Director

.......................................... Director

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Statement of Revenues, Expenses and Operating Surplus

**Year ended December 31, 1999**

| | 1999 | 1998 |
|---|---|---|
| REVENUES | | |
| Province of Saskatchewan Operating grant (Note 5) | $ 4,150,000 | $ 4,150,000 |
| Municipal requisitions | 5,449,801 | 5,282,338 |
| Interest | 110,738 | 112,190 |
| Fees | 138,520 | 190,861 |
| Appraisal and assessment services | 84,397 | 2,315 |
| Miscellaneous | 65,743 | 53,057 |
| | 9,999,199 | 9,790,761 |
| EXPENSES | | |
| Aerial photography | 743 | 67,469 |
| Bank charges | 9,994 | 5,511 |
| Communications and public meetings | 70,781 | 124,452 |
| Computer | 269,758 | 306,136 |
| Depreciation | 167,600 | 167,296 |
| GST | 190,458 | - |
| Insurance | 11,162 | 12,040 |
| Office | 457,507 | 581,607 |
| Printing | 213,680 | 239,777 |
| Professional | 31,193 | 71,089 |
| Rent | 409,092 | 351,232 |
| Salaries and benefits | 7,498,917 | 7,288,559 |
| Tools and supplies | - | 1,797 |
| Travel and accommodation | 467,510 | 568,104 |
| | 9,798,395 | 9,785,069 |
| EXCESS OF REVENUES OVER EXPENSES | 200,804 | 5,692 |
| OPERATING SURPLUS, BEGINNING OF YEAR | 137,624 | 133,812 |
| ALLOCATION TO EQUITY IN FIXED ASSETS (Note 6) | (13,600) | (1,880) |
| TRANSFERS TO RESERVES (Note 7) | (135,000) | - |
| OPERATING SURPLUS, END OF YEAR | $ 189,828 | $ 137,624 |

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Statement of Cash Flows

**Year ended December 31, 1999**

| | 1999 | 1998 |
|---|---|---|
| NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES: | | |
| OPERATING | | |
| Excess of revenues over expenses | $ 200,804 | $ 5,692 |
| Items not affecting cash | | |
| Depreciation | 167,600 | 167,296 |
| | 368,404 | 172,988 |
| Changes in non-cash working capital items | | |
| Accounts receivable and accrued interest | (41,705) | (26,380) |
| Prepaid expenses | (65) | (24) |
| GST receivable | 26,530 | 15,918 |
| Accounts payable | (64,700) | 23,661 |
| GST payable | 159,701 | - |
| Professional fees reserve expenditures | (73,277) | (64,186) |
| | 374,888 | 121,977 |
| INVESTING | | |
| Purchase of fixed assets | (181,654) | (170,987) |
| Computer enhancement reserve expenditures | (45,338) | (1,169) |
| Proceeds from sale of fixed assets | 454 | 1,811 |
| | (226,538) | (170,345) |
| INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS | 148,350 | (48,368) |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR | 1,455,250 | 1,503,618 |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR | $ 1,603,600 | $ 1,455,250 |

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Notes to the Financial Statements

December 31, 1999

### 1. STATUTORY AUTHORITY

The Saskatchewan Assessment Management Agency (SAMA) was established on March 1, 1987 and amended on June 1, 1994 under the authority of The Assessment Management Agency Act.

### 2. SIGNIFICANT ACCOUNTING POLICIES

*a) Temporary Investments*

Investments are stated at the lower of cost and market value.

*b) Accounts Receivable*

Amounts received from the Province of Saskatchewan under the terms of a transition agreement for reimbursement of employee travel advances have been recorded as a reduction of these advances.

*c) Fixed Assets*

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the diminishing balance method, except for leasehold improvements and computer equipment, which are being amortized using the straight-line method over the lives of the leases.

Amounts received from the Province of Saskatchewan in 1987 under the terms of a transition agreement for acquisition of fixed assets have been recorded as a reduction of the cost of these assets.

*d) Computer Software Development Costs*

Computer software development costs are expensed as period costs.

*e) Equity in Fixed Assets*

In 1994, the Agency adopted the policy to account for the equity in fixed assets separate from the accumulated operating surplus. The balance includes net book value of fixed assets less related liabilities and amount contributed by Saskatchewan Property Management Corporation.

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Notes to the Financial Statements

**December 31, 1999**

### 3. GST

During 1991 Canada Customs and Revenue Agency (CCRA) assessed SAMA's operations as commercial activities entitling the organization to recover 100% of GST paid. A subsequent audit by CCRA confirmed their 1991 opinion. In 1999, CCRA issued a GST Ruling based upon an amendment to the Excise Tax Act. CCRA's opinion is that this amendment reverses their previous position and now values SAMA's entitlement from 100% to 57.14% of GST paid. Accordingly, the expense of $190,458 and liability of $159,701, net of GST receivable of $30,757, have been recorded even though the resolution of this issue has not been finalized. SAMA will be pursuing its options regarding the GST issue in 2000.

### 4. FIXED ASSETS

|  | Rate | Cost | Accumulated Depreciation | Net Book Value 1999 | Net Book Value 1998 |
|---|---|---|---|---|---|
| Computer disc drives under capital leases | 40% | $ 147,343 | $ 145,120 | $ 2,223 | $ 3,634 |
| Mainframe computer equipment | 1/5 | 1,062,591 | 1,062,591 | - | - |
| Desktop computer equipment | 40% | 1,132,742 | 807,968 | 324,774 | 318,705 |
| Furniture and equipment | 20% | 384,422 | 157,870 | 226,552 | 217,099 |
| Leasehold improvements | 1/5 | 326,042 | 275,606 | 50,436 | 50,947 |
|  |  | 3,053,140 | 2,449,155 | 603,985 | 590,385 |
| Less transition grant |  | (276,840) | - | (276,840) | (276,840) |
|  |  | $ 2,776,300 | $ 2,449,155 | $ 327,145 | $ 313,545 |

### 5. DEFERRED REVENUE

Operating Grant

Under Section 18(2) of The Assessment Management Agency Act, the Agency is entitled to receive an annual operating grant of $4,000,000 from the Province of Saskatchewan. In addition, under Section 18(3) of the Act, the Province provided an additional grant of $150,000 in 1999 (1998 - $150,000). Amounts received in excess have been deferred.

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Notes to the Financial Statements

December 31, 1999

### 6. EQUITY IN FIXED ASSETS

| | 1999 | 1998 |
|---|---|---|
| Balance, beginning of year | $ 313,545 | $ 311,665 |
| Allocation during the year | 13,600 | 1,880 |
| Balance, end of year | $ 327,145 | $ 313,545 |

### 7. RESERVES

| | 1999 | 1998 |
|---|---|---|
| Reserve for Communications | $ 50,000 | $ - |
| Reserve for Computer Enhancements | 304,910 | 350,248 |
| Reserve for Professional Fees | 110,864 | 99,141 |
| Reserve for Travel | 130,000 | 130,000 |
| | $ 595,774 | $ 579,389 |

a) *Reserve for Communications*

In 1999, a reserve of $50,000 was established to provide for the purchase of goods and services required for communication costs related to the implementation of the 2001 assessment revaluation system.

b) *Reserve for Computer Enhancements*

A reserve for computer enhancements was established in 1993 to provide for the purchase of computer software and equipment necessary for assessment revaluation processes. The balance as at December 31, 1999, is net of approved expenditures of $45,338 (1998 - $1,169).

c) *Reserve for Professional Fees*

In 1995, a reserve was established to provide for the purchase of legal, appraiser and other professional services related to property appeals and defense of value arising from the 1997 assessment revaluation. In 1999, $85,000 (1998 – nil) was transferred to the reserve and approved expenditures were $73,277 (1998 – $64,186).

d) *Reserve for Travel*

In 1996, a reserve was established to provide for travel costs that will be incurred in future years relating to the physical reinspection of property in municipalities. The balance as at December 31, 1999, is net of approved expenditures of nil (1998 – nil).

# SASKATCHEWAN ASSESSMENT MANAGEMENT AGENCY

## Notes to the Financial Statements

**December 31, 1999**

### 8. COMMITMENTS

Beginning November 1, 1998, the Agency entered into a five (5) year lease agreement with AMOS Development Corp. for monthly payments of $2,300.00.

Beginning March 1, 1998, the Agency entered into a five (5) year lease agreement with Melfort Mall Ltd. for monthly payments of $1,926.00.

Beginning November 1, 1998, the Agency entered into a five (5) year lease agreement with Royal Trust Corporation of Canada for monthly payments of $15,581.00.

### 9. UNCERTAINTY REGARDING YEAR 2000

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than that date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, will be fully resolved.

## Auditors' Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have examined the statement of financial position of the Saskatchewan Auto Fund as at December 31, 1999 and the statements of operations and Rate Stabilization Reserve (deficit) and statement of cash flows for the year then ended. These financial statements are the responsibility of the management of Saskatchewan Government Insurance as administrators of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1999 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Canada

February 11, 2000

# Statement of Financial Position

| December 31 | 1999 | 1998 |
|---|---|---|
| | (thousands of $) | |
| **Assets** | | |
| Cash and treasury bills (note 3) | $ 66,160 | $ 50,169 |
| Accounts receivable (note 4) | 54,073 | 36,337 |
| Deferred policy acquisition costs | 9,671 | 7,365 |
| Prepaid expenses and inventories | 3,806 | 3,184 |
| Investments (note 5) | 500,133 | 468,762 |
| Net investment in capital leases (note 6) | 7,077 | 7,455 |
| Capital assets (note 7) | 30,498 | 28,548 |
| | $ 671,418 | $ 601,820 |
| **Liabilities** | | |
| Accounts payable and accrued charges | $ 13,457 | $ 20,736 |
| Premium taxes payable | 17,162 | 16,224 |
| Provision for unpaid claims (note 8) | 525,250 | 493,032 |
| Unearned premiums | 177,683 | 163,450 |
| | 733,552 | 693,442 |
| **Rate Stabilization Reserve (deficit)** | (62,134) | (91,622) |
| | $ 671,418 | $ 601,820 |

Commitments (note 13)

(see accompanying notes)

# Statement of Operations and Rate Stabilization Reserve (Deficit)

| year ended December 31 | 1999 | 1998 |
|---|---|---|
| | (thousands of $) | |
| Premiums written | $ 427,551 | $ 404,006 |
| Premiums earned | $ 413,852 | $ 384,395 |
| Investment earnings (note 9) | 44,543 | 54,737 |
| Other income (note 10) | 16,252 | 13,571 |
| **Total revenue** | 474,647 | 452,703 |
| Claims incurred | 384,324 | 350,292 |
| Issuer fees | 11,561 | 12,198 |
| Premium taxes | 16,611 | 15,442 |
| Administrative expenses | 26,736 | 32,308 |
| Traffic safety programs | 5,927 | 6,231 |
| **Total claims and expenses** | 445,159 | 416,471 |
| **Net increase to Rate Stabilization Reserve** | 29,488 | 36,232 |
| Rate Stabilization Reserve (deficit), beginning of year | (91,622) | (127,854) |
| **Rate Stabilization Reserve (deficit), end of year** | $ (62,134) | $ (91,622) |

(see accompanying notes)

# Statement of Cash Flows

| year ended December 31 | 1999 | 1998 |
|---|---|---|
| | (thousands of $) | |
| **Cash provided by (used for) operating activities** | | |
| Net increase to Rate Stabilization Reserve | $ 29,488 | $ 36,232 |
| Non-cash items: | | |
| Amortization | 5,738 | 9,730 |
| Realized gain on disposal of investments and capital assets | (14,090) | (27,169) |
| (Income) loss from equity investment | 25 | (21) |
| Investment write down | 1,203 | 1,781 |
| Change in non-cash operating items: | | |
| Accounts receivable | (17,736) | (19,054) |
| Deferred policy acquisition costs | (2,306) | (1,434) |
| Prepaid expenses and inventories | (622) | (349) |
| Accounts payable and accrued charges | (7,279) | 3,847 |
| Premium taxes payable | 938 | 1,717 |
| Provision for unpaid claims | 32,218 | 5,290 |
| Unearned premiums | 14,233 | 19,428 |
| | 41,810 | 29,998 |
| **Cash provided by (used for) investing activities** | | |
| Purchases of investments | (628,336) | (527,700) |
| Proceeds on sale of investments | 596,259 | 498,703 |
| Repayment of capital leases | 378 | 343 |
| Purchases of capital assets | (6,950) | (3,205) |
| Proceeds on disposal of capital assets | 56 | 10 |
| | (38,593) | (31,849) |
| **Increase (decrease) in cash and cash equivalents** | 3,217 | (1,851) |
| **Cash and cash equivalents:** | | |
| Balance, beginning of year | 28,866 | 30,717 |
| **Balance, end of year** | $ 32,083 | $ 28,866 |
| **Plus treasury bills greater than 91 days to maturity from acquisition date** | 34,077 | 21,303 |
| **Cash and treasury bills per statement of financial position** | $ 66,160 | $ 50,169 |

(see accompanying notes)

# Notes to the Financial Statements

**December 31, 1999**

## 1. STATUS OF THE FUND

The Saskatchewan Auto Fund (the Fund) was established effective Jan. 1, 1984 by an amendment to the *Automobile Accident Insurance Act* (Chapter A-35, Revised Statutes of Saskatchewan, 1978).

The Rate Stabilization Reserve (deficit) is held on behalf of Saskatchewan's motoring public and is not used for the payment of general dividends.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund are in accordance with generally accepted accounting principles. The following are considered to be significant:

### Deferred policy acquisition costs

Premium taxes and issuer fees are deferred and then charged to expense over the terms of the insurance policies to which such costs relate. The method followed in determining the deferred policy acquisition costs limits the amount of the deferral to the amount recoverable from unearned premiums after giving consideration to investment income, as well as claim and adjustment expenses expected to be incurred as the premiums are earned.

### Investments

Bonds, debentures and mortgages are recorded at amortized cost. Treasury bills, shares, pooled funds and real estate are valued at cost. Investments are written down when there is a decline in value that is other than temporary. Dividends on common shares are recognized as income on their record dates. Gains and losses on the sale of investments are recognized on the date of settlement.

The Fund owns a 20% interest in SGI CANADA Insurance Services Ltd. (SCISL), a company formed to sell insurance products in provinces other than Saskatchewan. The investment in SCISL is recorded on the equity basis, whereby the carrying value of the investment is adjusted by the Fund's share of SCISL's earnings or losses and reduced by cash received.

The Fund has a one-third interest in a real estate joint venture which is accounted for using proportionate consolidation. The resulting income producing property is amortized over its estimated useful life of 50 years on a sinking fund basis. The other interests in this joint venture are SaskPen and a private sector investor. SaskPen is a real estate corporation owned by Province of Saskatchewan employee pension plans.

### Capital leases

Investment earnings related to direct financing leases are recognized in a manner that produces a constant rate of return on the investment in each lease. The net investment in leases is composed of net minimum lease payments less unearned finance income.

**Capital assets**

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis, commencing in the year in which the assets are placed in service, over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 2 1/2 - 5% |
| Computer hardware, system costs and other equipment | 20 - 50% |

**Provision for unpaid claims**

The provision for unpaid claims represents an estimate of the total cost of claims to the year-end date. Included in the estimate are reported claims, claims incurred but not reported and an estimate of adjustment expenses to be incurred on these claims. The provision is calculated without discounting, except for long-term disability claims. The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period.

**Premiums**

Premiums written are taken into income over the terms of the related policies. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

**Foreign currency translation**

Monetary items denominated in foreign currency are translated at the exchange rate in effect at the year-end. Share investments, revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized gains and/or losses arising on translation are charged to operations in the current year.

**Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement, consist of cash on hand and treasury bills with a maturity of 91 days or less from the date of acquisition.

## 3. CASH AND TREASURY BILLS

Cash and treasury bills which comprise treasury bills and commercial paper have an average effective interest rate of 5.1% (1998 - 4.9%). The Fund's investment policy states that securities investments must meet minimum investment standards of R-1, or R-2 high for Canadian grain companies, as rated by a recognized credit rating service.

Holdings for any one issuer, other than the Government of Canada or a Canadian province, are limited to 10% of the market value of the short-term portfolio.

## 4. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

| | (thousands of $) | |
|---|---|---|
| | 1999 | 1998 |
| Financed premiums receivable | $37,613 | $21,937 |
| Licence issuers receivable | 4,071 | 4,364 |
| Accrued investment income | 3,332 | 3,654 |
| Amount recoverable on paid claims | 2,804 | 2,494 |
| Other | 6,253 | 3,888 |
| Total accounts receivable | $54,073 | $36,337 |

## 5. INVESTMENTS

The carrying value and fair value of the Fund's investments are as follows:

(thousands of $)

| | 1999 | | 1998 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Bonds and debentures | $270,033 | $264,421 | $238,554 | $246,204 |
| Pooled bond fund | 105,893 | 105,873 | 103,057 | 111,602 |
| Common shares | 74,767 | 118,333 | 73,058 | 106,981 |
| Pooled equity fund | 24,922 | 38,408 | 23,332 | 31,450 |
| Mortgages | 12,425 | 12,531 | 17,693 | 18,115 |
| Income producing property | 10,493 | 11,500 | 10,556 | 12,500 |
| Real estate | - | - | 950 | 1,066 |
| | 498,533 | $551,066 | 467,200 | $527,918 |
| Investment in SGI CANADA Insurance Services Ltd. | 1,600 | | 1,562 | |
| Total investments | $500,133 | | $468,762 | |

The income producing property consists of land and buildings with costs of $1,451,000 (1998 - $1,451,000) and $9,446,000 (1998 - $9,446,000) respectively and accumulated amortization of $404,000 (1998 - $341,000).

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:
The Fund's investment policy limits its investment concentration in any one investee or related group of investees to 10% of the market value of the investment assets for corporate bonds and debentures and 20% for bonds and debentures issued by any one province. Also, a minimum of BBB is placed on the investment grade of bonds and debentures that may be purchased.

The carrying value and average effective interest rates are shown below by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The carrying values are essentially the same as the principal values and therefore the average effective rates are not materially different from the coupon rates. Interest is generally payable on a semi-annual basis.

| | (thousands of $) | | | |
|---|---|---|---|---|
| | 1999 | | 1998 | |
| Term to Maturity (years) | Carrying Value | Average Effective Rates | Carrying Value | Average Effective Rates |
| Government of Canada: | | | | |
| After one through five | $ 59,946 | 5.7% | $ 81,734 | 5.4% |
| After five | 116,594 | 5.7% | 74,181 | 5.2% |
| Canadian provincial & municipal: | | | | |
| One or less | - | - | 2,750 | 10.0% |
| After one through five | 13,926 | 5.5% | 18,680 | 5.7% |
| After five | 28,186 | 6.1% | 18,984 | 6.4% |
| Canadian corporate: | | | | |
| One or less | 840 | 6.1% | - | - |
| After one through five | 22,936 | 6.2% | 15,624 | 5.7% |
| After five | 27,605 | 6.9% | 26,601 | 6.8% |
| Total bonds & debentures | $270,033 | | $238,554 | |

Included in bonds and debentures above are bonds denominated in United States dollars with a carrying value of $4,668,000 (1998 - $4,021,000). Repayment of principal and interest is receivable on a semi-annual basis in United States dollars. In order to minimize the risk of foreign exchange fluctuations, the Corporation has hedged this risk by purchasing United States dollar forward exchange contracts.

(ii) Pooled bond fund:
The Fund owns units in a pooled bond fund which has no fixed interest rate and its returns are based on the success of the fund manager and future interest rates.

(iii) Common shares:
Common shares have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on an annual basis. The average effective rate is 1.9% (1998 - 1.9%).

Common shares include $15,803,000 (1998 - $14,375,000) denoted in United States dollars.

The Fund's investment policy limits its investment concentration in any one investee or related group of investees to 10% of the market value of the Fund's common shares. As well, no one holding may represent more than 10% of the voting shares of any corporation.

(iv) Pooled equity fund:
The Fund owns units in a pooled equity fund which has no fixed interest rate and its returns are based on the success of the fund manager.

(v) Mortgages:
The mortgage portfolio consists entirely of Canadian commercial mortgages with an average effective interest rate of 7.5% (1998 - 8.5%) with an average maturity of 4.2 years (1998 - 2.4 years). Principal and interest is receivable on a monthly basis.

## 6. NET INVESTMENT IN CAPITAL LEASES

One of the Fund's capital leases is a 63% interest in a lease agreement with Saskatchewan Property Management Corporation, a related party, for a term of 30 years (expiring March 2011) on property in Prince Albert, Saskatchewan. The related party total minimum lease payments receivable is $11,190,000 (1998 - $12,184,000), and unearned income is $4,495,000 (1998 - $5,183,000).

Each lease transfers substantially all of the benefits and risks incident with the ownership of the property to the lessee. The Fund's total net investment in capital leases includes the following:

| | (thousands of $) | |
|---|---|---|
| | 1999 | 1998 |
| Total minimum lease payments receivable ($1,105,000 per year) | $11,652 | $12,757 |
| Unearned income | (4,575) | (5,302) |
| Net investment in capital lease | $ 7,077 | $ 7,455 |

The fair value of the net investment in capital leases is $8,070,000 (1998 - $8,884,000).

## 7. CAPITAL ASSETS

The components of the Fund's investment in capital assets, as well as the related accumulated amortization, are as follows:

| | (thousands of $) | | | |
|---|---|---|---|---|
| | 1999 | | | 1998 |
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 5,160 | - | $ 5,160 | $ 5,210 |
| Buildings and improvements | 28,632 | $10,393 | 18,239 | 16,985 |
| Computer hardware, system costs and other equipment | 24,106 | 17,007 | 7,099 | 6,353 |
| Total | $57,898 | $27,400 | $30,498 | $28,548 |

Amortization for the year is $4,895,000 (1998 - $8,572,000).

## 8. PROVISION FOR UNPAID CLAIMS

(i) Nature of unpaid claims:

The establishment of the provision for unpaid claims is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a large variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Fund at the year-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists for reported claims that have not been settled as all the necessary information may not be available at the balance sheet date.

There are a number of factors used to estimate the provision, such as the Fund's experience with similar cases, historical trends involving claim payments, the characteristics of the class of business, claims severity and claims frequency such as those caused by natural disasters, the effect of inflation on future claims, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as damage claims tend to be more reasonably predictable than long-tail claims such as long-term disability and liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors and on the judgment and opinions of a large number of individuals, which necessarily involves risks that the actual results may differ materially from the estimates.

Included in the provision for unpaid claims are discounted amounts for accident benefit entitlements in the amount of $337,550,000 (1998 - $284,688,000). These claims have been discounted using a rate of 2.5% to 6% to take account of the time value of money and include a provision for adverse development.

Changes in the estimate for the provision for unpaid claims in 1999 and 1998 are as follows:

| | (thousands of $) | |
|---|---|---|
| | 1999 | 1998 |
| Net unpaid claims - beginning of year | $493,032 | $487,742 |
| Payments made during the year relating to prior year claims | (139,769) | (144,744) |
| Deficiency relating to prior year estimated unpaid claims | 2,285 | 6,696 |
| Net unpaid claims for claims of prior years | $355,548 | $349,694 |
| Provision for claims occurring in the current year | 169,702 | 143,338 |
| Net unpaid claims - end of year | $525,250 | $493,032 |

(ii) Type of unpaid claims:

The provision for unpaid claims is summarized by type of claim as follows:

| | (thousands of $) | |
|---|---|---|
| | 1999 | 1998 |
| Injury accident benefits | $356,974 | $303,078 |
| Injury liability | 126,146 | 151,242 |
| Damage | 42,130 | 38,712 |
| Total | $525,250 | $493,032 |

## 9. INVESTMENT EARNINGS

The components of investment earnings are as follows:

| | (thousands of $) | |
|---|---|---|
| | 1999 | 1998 |
| Interest and dividends | $29,884 | $27,624 |
| Realized gains on sale of investments | 14,137 | 27,143 |
| Income from income producing property, net of operating costs of $777,000 (1998 - $740,000) | 998 | 989 |
| Income from capital leases | 727 | 762 |
| Investment write down | (1,203) | (1,781) |
| Total investment earnings | $44,543 | $54,737 |

Cash inflows from the income producing property are $1,103,000 (1998 - $1,060,000).

## 10. OTHER INCOME

The Fund operates a salvage division in order to maximize the derived economic value of salvageable vehicles, vehicle parts and materials available through the claim settlement process. In 1999, total salvage sales were $21,445,000 (1998 - $19,731,000); gross earnings on sales were $7,765,000 (1998 - $7,267,000); and net earnings were $4,803,000 (1998 - $4,242,000). The net earnings of the salvage division are included in other income.

The Fund offers a Short-Term Vehicle Registration and Insurance plan which allows the motoring public to choose the number of months they wish to insure and register their vehicle. Another payment option, AutoPay, allows the motoring public to have equal monthly withdrawals made from their bank accounts for their vehicle registration and insurance. Included in other income is $11,473,000 (1998 - $9,328,000) for fees charged to users of these plans.

### 11. RELATED PARTY TRANSACTIONS

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Transactions and amounts outstanding at year-end, are as follows:

| | (thousands of $) | |
|---|---|---|
| Category | 1999 | 1998 |
| Cash and treasury bills | - | $1,979 |
| Accounts receivable | $4,361 | 1,930 |
| Deferred policy acquisition costs | 6,915 | 6,364 |
| Investments | 3,438 | 5,091 |
| Accounts payable and accrued charges | 352 | 265 |
| Premium taxes payable | 17,162 | 16,224 |
| Provision for unpaid claims | 2,443 | 3,439 |
| Unearned premiums | 2,021 | 1,842 |
| Premiums written | 5,016 | 4,696 |
| Premiums earned | 4,854 | 4,469 |
| Investment earnings | 874 | 886 |
| Claims incurred | 17,164 | 17,250 |
| Premium taxes | 16,611 | 15,442 |
| Administrative expenses | 1,907 | 2,251 |
| Traffic safety programs | 1,536 | 1,233 |

Saskatchewan Government Insurance (SGI) acts as administrator of the Fund. Administrative and claim adjustment expenses incurred by SGI are allocated to the Fund and SGI directly or on the basis of specific distributions. Amounts incurred by SGI and charged to the Fund were $66,920,000 (1998 - $74,336,000) and accounts receivable are $230,000 (1998 accounts payable - $2,367,000).

The Fund acts as agent for the provincial Department of Finance regarding the collection of driver and motor vehicle licence registration fees and the collection of education and health tax on certain vehicle purchase transactions. The amounts payable at the year-end date are included in the above table. The costs to administer and collect these fees and taxes on behalf of the Department of Finance are borne by the Auto Fund.

Other related party transactions are described separately in the notes.

## 12. FAIR VALUES

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

(i) For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments:

(a) cash and treasury bills
(b) accounts receivable
(c) accounts payable and accrued charges
(d) premium taxes payable

(ii) For the following financial instruments the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid prices:

(a) bonds and debentures
(b) pooled bond fund
(c) common shares
(d) pooled equity fund

(iii) Mortgages
The fair value is calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage using current interest rates.

(iv) Net investment in capital lease
The fair value is calculated by discounting scheduled cash flows through to the estimated expiration of the lease using current interest rates.

(v) Provision for unpaid claims
The fair value of the provision for unpaid claims has been omitted because it is not practicable to determine fair value with sufficient reliability (note 8).

## 13. COMMITMENTS

The Fund has contractual obligations to provide funding to Saskatchewan health organizations for costs associated with research and rehabilitation of victims of automobile accidents. The funding to be provided over the next five years is anticipated to be $26.9 million.

## 14. YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## 15. COMPARATIVE FINANCIAL INFORMATION

For comparative purposes, certain 1998 balances have been reclassified to conform with the 1999 financial statement presentation.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Centre of the Arts Fund as at March 31, 2000 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Centre's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 2, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

# SASKATCHEWAN CENTRE OF THE ARTS FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | Operating Fund | Campaign Fund | Impresario Fund | Total | Total |
| **ASSETS** | | | | | |
| Current: | | | | | |
| Cash (Note 3) | $ — | $ 65,030 | $ — | $ 65,030 | $370,734 |
| Accounts receivable (Note 3) | 330,076 | — | — | 330,076 | 286,560 |
| Inventory | 60,239 | — | — | 60,239 | 50,296 |
| | 390,315 | 65,030 | — | 455,345 | 707,590 |
| Capital assets (Note 4) | 90,709 | 54,809 | — | 145,518 | 47,348 |
| | $ 481,024 | $ 119,839 | $ — | $ 600,863 | $754,938 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Current: | | | | | |
| Due to (from) other funds (Note 10) | $ 597,208 | $ (447,533) | $ (149,675) | $ — | $ — |
| Accounts payable and accrued charges (Note 3) | 344,949 | — | — | 344,949 | 277,639 |
| Advance sales and deposits (Note 3) | 303,966 | — | — | 303,966 | 699,998 |
| | 1,246,123 | (447,533) | (149,675) | 648,915 | 977,637 |
| Fund balances: | | | | | |
| Invested in capital assets | 90,709 | 54,809 | — | 145,518 | 47,348 |
| Externally restricted (Note 8) | — | 452,564 | — | 452,564 | 351,682 |
| Internally restricted (Note 9) | — | 59,999 | 149,675 | 209,674 | 199,851 |
| Unrestricted | (855,808) | — | — | (855,808) | (821,580) |
| Total Fund balances (Statement 2) | (765,099) | 567,372 | 149,675 | (48,052) | (222,699) |
| | $ 481,024 | $ 119,839 | $ — | $ 600,863 | $754,938 |

(See accompanying notes to the financial statements)

Statement 2

# SASKATCHEWAN CENTRE OF THE ARTS FUND
## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
### For the Year Ended March 31

| | General Funds | | | | | | | Restricted (Note 8) | |
|---|---|---|---|---|---|---|---|---|---|
| | Operating Fund | | | Impresario Fund | | Total | | Campaign Fund | |
| | 2000 | | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| | Budget (Note 6) | Actual | Actual | | | | | | |
| Revenues (Schedule 1) | $ 2,930,000 | $ 2,940,548 | $ 2,872,712 | $ 31,365 | $ 30,284 | $2,971,913 | $2,902,996 | $ --- | $ --- |
| Cost of sales (Schedule 1) | 1,723,695 | 1,752,378 | 1,751,020 | 21,542 | 13,190 | 1,773,920 | 1,764,210 | --- | --- |
| Gross profit (Schedule 1) | 1,206,305 | 1,188,170 | 1,121,692 | 9,823 | 17,094 | 1,197,993 | 1,138,786 | --- | --- |
| Donations | --- | --- | --- | --- | --- | --- | --- | 176,500 | 183,201 |
| Total revenues | 1,206,305 | 1,188,170 | 1,121,692 | 9,823 | 17,094 | 1,197,993 | 1,138,786 | 176,500 | 183,201 |
| Expenses: | | | | | | | | | |
| Salaries and benefits | 1,036,920 | 1,061,798 | 966,219 | --- | --- | 1,061,798 | 966,219 | --- | --- |
| Utilities | 336,000 | 308,065 | 320,370 | --- | --- | 308,065 | 320,370 | --- | --- |
| Amortization | 90,000 | 75,600 | 58,186 | --- | --- | 75,600 | 58,186 | 29,603 | 4,397 |
| General and administration | 167,300 | 149,780 | 171,743 | --- | --- | 149,780 | 171,743 | --- | --- |
| Total expenses | 1,630,220 | 1,595,243 | 1,516,518 | --- | --- | 1,595,243 | 1,516,518 | 29,603 | 4,397 |
| (Deficiency) excess of revenues over expenses before grant | (423,915) | (407,073) | (394,826) | 9,823 | 17,094 | (397,250) | (377,732) | 146,897 | 178,804 |
| Grant from the General Revenue Fund | 425,000 | 425,000 | 425,000 | --- | --- | 425,000 | 425,000 | --- | --- |
| Excess of revenues over expenses | $ 1,085 | 17,927 | 30,174 | 9,823 | 17,094 | 27,750 | 47,268 | 146,897 | 178,804 |
| Fund balances, beginning of year | | (783,026) | (813,200) | 139,852 | 122,758 | (643,174) | (690,442) | 420,475 | 241,671 |
| Fund balances, end of year (Statement 1) | | $ (765,099) | $ (783,026) | $149,675 | $139,852 | $ (615,424) | $ (643,174) | $ 567,372 | $ 420,475 |

(See accompanying notes to the financial statements)

Statement 3

# SASKATCHEWAN CENTRE OF THE ARTS FUND
## STATEMENT OF CASH FLOWS
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Excess of revenues over expenses in General Funds (Statement 2) | $ 27,750 | $ 47,268 |
| Items not affecting cash: | | |
| Amortization in Operating Fund | 75,600 | 58,186 |
| Change in non-cash working capital: | | |
| (Increase) decrease in accounts receivable | (43,516) | 42,277 |
| (Increase) decrease in inventory | (9,943) | 10,976 |
| Increase (decrease) in accounts payable and accrued charges | 67,310 | (224,463) |
| (Decrease) increase in advance sales and deposits | (396,031) | 133,147 |
| Cash flows (used in) from operating activities | (278,830) | 67,391 |
| Cash flows (used in) investing activities: | | |
| Purchase of capital assets | (203,374) | (24,875) |
| Cash flows from financing activities: | | |
| Principal payments under capital lease obligations | --- | (4,817) |
| Donations | 176,500 | 183,201 |
| Cash flows from financing activities | 176,500 | 178,384 |
| Net (decrease) increase in cash | (305,704) | 220,900 |
| Cash, beginning of year | 370,734 | 149,834 |
| Cash, end of year | $ 65,030 | $ 370,734 |

(See accompanying notes to the financial statements)

# SASKATCHEWAN CENTRE OF THE ARTS FUND
## NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

### 1. Status of Centre

The Board of the Saskatchewan Centre of the Arts was established by *The Saskatchewan Centre of the Arts Act*, to maintain, operate and manage the Saskatchewan Centre of the Arts in Regina. The Act also established the Saskatchewan Centre of the Arts Fund through which all financial transactions are conducted which relate to accomplishing the purposes of the Act.

The activities of the Saskatchewan Centre of the Arts are dependent on funding from the General Revenue Fund.

### 2. Significant Accounting Policies

These financial statements have been prepared using generally accepted accounting principles for not-for-profit organizations. The Saskatchewan Centre of the Arts Fund follows the restricted fund method of accounting for contributions. The Saskatchewan Centre of the Arts Fund (Fund) is comprised of three funds; two of which are not externally restricted while the other is subject to external restrictions.

The Operating Fund accounts for the organization's primary operating activities. This fund reports unrestricted resources and holds capital assets (see Note 4).

The Impresario Fund has no external restrictions and is used for supporting and promoting the arts. Its fund balance is internally restricted.

The Campaign Fund reports assets (see Note 4), liabilities, revenues and expenses related to the Centre's campaign to raise funds to begin to address replacement of its programming equipment and the rejuvenation of the overall appearance of the Centre. The Campaign Fund reports resources contributed to this capital asset campaign.

The following accounting policies are considered to be significant:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

For the General Funds, revenue is recognized at the date of the performance and is recorded net of payments to promoters.

Donations externally restricted to the Campaign Fund are recorded as revenue when collection is certain.

c) Grant from the General Revenue Fund

The grant provided from the General Revenue Fund through the Department of Municipal Affairs, Culture and Housing appropriation is recorded in the year received or receivable.

d) Capital Assets

Capital assets are recorded at cost. Amortization is provided for using the straight-line method over the expected useful life (ranges from 3 to 5 years) of the capital asset, with a full year's amortization taken in the year of acquisition. The Centre capitalizes capital assets costing more than $1,000. Capital assets costing less than $1,000 are expensed in the year of acquisition.

Amortization is recorded in the fund where the related capital assets reside.

e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in, first out basis.

f) Cash

Cash consists of balances with the bank.

## 3. Financial Instruments

The Centre's financial instruments include cash, accounts receivable, accounts payable and accrued charges, and advance sales and deposits. These items have a fair value that approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The Centre is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year-end reducing the credit risk.

## 4. Capital Assets

a) Operating Fund

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Theatre equipment | $ 428,140 | $ 395,464 | $ 32,676 | $ 13,006 |
| Convention & catering equipment | 350,103 | 345,981 | 4,122 | 5,433 |
| Office equipment | 260,002 | 252,049 | 7,953 | 13,027 |
| Building equipment | 1,144,329 | 1,117,103 | 27,226 | 7,088 |
| Bar equipment | 156,854 | 138,122 | 18,732 | --- |
| | $ 2,339,428 | $ 2,248,719 | $ 90,709 | $ 38,554 |

b) Campaign Fund

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Theatre equipment | $ 76,755 | $ 28,575 | $ 48,180 | $ 5,980 |
| Convention & catering equipment | 7,834 | 2,611 | 5,223 | --- |
| Building equipment | 4,220 | 2,814 | 1,406 | 2,814 |
| | $ 88,809 | $ 34,000 | $ 54,809 | $ 8,794 |

## 5. Building and Site

The building and site have been leased by the Saskatchewan Property Management Corporation (SPMC) to the Saskatchewan Centre of the Arts for an annual rental of one dollar. The fair value of the building and site is not reasonably determinable. The terms of the lease provide for the Centre to keep the building, and all other property contained therein, in good repair and condition with the provision that any major maintenance, renovations and construction project costing in excess of $5,000 shall be the responsibility of SPMC. In addition, SPMC is responsible for charges by the Wascana Centre for services to the site and building as stipulated under *The Wascana Centre Act*. The current lease agreement expires July 31, 2003.

## 6. Budget

These amounts represent the budget approved by the Centre's Board of Directors on May 13, 1999.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Centre by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled on normal trade terms. The following table summarizes the significant routine related party transactions for the year:

| | 2000 | 1999 |
|---|---|---|
| Accounts receivable | $ 88,228 | $ 108,849 |
| Accounts payable and accrued charges | 59,735 | 13,801 |
| Revenues | 266,146 | 237,523 |
| Expenses | 594,277 | 544,084 |

Other transactions and amounts due to and from related parties are described separately in the financial statements and the notes thereto.

In addition, the Centre pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

## 8. Externally Restricted Funds

In 1996, the Centre launched the Campaign Fund to raise funds to begin to address replacement of its capital assets including programming equipment and rejuvenation of the overall appearance of the Centre. The Campaign Fund has raised $541,373 to date from external sources. Capital assets of $88,809 have been purchased with these funds; therefore $452,564 remains externally restricted to acquire capital assets for the campaign fund.

## 9. Internally Restricted Funds

At March 31, 2000, $59,999 is internally restricted in the Campaign Fund and $149,675 is internally restricted in the Impresario Fund. Internally restricted amounts are not available for other purposes without approval of the Board of Directors.

## 10. Due to (from) Other Funds

Receipts from the Campaign and Impresario Funds have been used to finance Operating Fund payments. At March 31, 2000 the Operating Fund owed $597,208 (1999 - $180,799) to the Campaign and Impresario Funds. The Operating Fund does not pay interest on these amounts and no formal arrangements, including repayment terms, are in place for these loans.

## 11. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

## SASKATCHEWAN CENTRE OF THE ARTS FUND
## SCHEDULE OF REVENUE AND COST OF SALES FOR THE OPERATING FUND
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 6) | Actual | Actual |
| Revenue: | | | |
| Catering | $ 910,000 | $ 969,881 | $ 1,002,406 |
| Service charges | 881,000 | 806,320 | 746,274 |
| Rentals | 414,000 | 418,226 | 396,264 |
| Refreshment bar | 399,000 | 383,275 | 415,226 |
| Commissions | 204,000 | 156,273 | 131,929 |
| Office rental | 50,000 | 55,457 | 61,408 |
| Car park | --- | 7,266 | 24,583 |
| Sundry | 45,000 | 109,101 | 58,107 |
| Coat check | 19,000 | 18,730 | 16,203 |
| Investment Income | 8,000 | 16,019 | 20,312 |
| Total revenue (Statement 2) | 2,930,000 | 2,940,548 | 2,872,712 |
| Cost of sales: | | | |
| Salaries and benefits | 887,225 | 817,349 | 864,468 |
| Food and beverages | 463,320 | 485,775 | 515,525 |
| Supplies, services and maintenance | 283,500 | 362,535 | 256,878 |
| Other | 89,650 | 86,719 | 114,149 |
| Total cost of sales (Statement 2) | 1,723,695 | 1,752,378 | 1,751,020 |
| Gross profit (Statement 2) | $ 1,206,305 | $ 1,188,170 | $ 1,121,692 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of The Saskatchewan Legal Aid Commission as at March 31, 2000 and the statements of operations and changes in net assets, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 26, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## THE SASKATCHEWAN LEGAL AID COMMISSION
## STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current | | |
| Cash | $ 538,143 | $ 631,122 |
| Accounts receivable | 66,449 | 14,670 |
| Prepaid expense | 87,781 | 93,038 |
| Total current assets | 692,373 | 738,830 |
| Capital assets (Note 4) | 482,444 | 385,484 |
| | $ 1,174,817 | $ 1,124,314 |
| **LIABILITIES** | | |
| Current | | |
| Accounts payable and accrued liabilities | $ 770,030 | $ 889,902 |
| **NET ASSETS** | | |
| Investment in capital assets fund | 482,444 | 385,484 |
| Unrestricted | (77,657) | (151,072) |
| | 404,787 | 234,412 |
| | $ 1,174,817 | $ 1,124,314 |

(See accompanying notes to the financial statements)

Statement 2

# THE SASKATCHEWAN LEGAL AID COMMISSION
## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
### Year Ended March 31

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | Operating Fund Budget | Operating Fund Actual | Investment in Capital Assets Fund Actual | Total | Total |
| Revenue: (Note 2) | | | | | |
| Department of Justice | $ 10,465,000 | $ 10,565,000 | $ — | $10,565,000 | $ 9,825,000 |
| Other | 135,000 | 124,807 | — | 124,807 | 128,010 |
| | 10,600,000 | 10,689,807 | — | 10,689,807 | 9,953,010 |
| Expenses: | | | | | |
| Salaries and employee benefits | 7,418,572 | 7,459,399 | — | 7,459,399 | 7,271,515 |
| Central Office administrative (Schedule 1) | 240,848 | 205,366 | 40,638 | 246,004 | 318,905 |
| Area Office administrative and operating expenses (Schedule 1) | 1,193,985 | 1,238,050 | 161,896 | 1,399,946 | 1,288,859 |
| Provision of legal services | 658,000 | 877,398 | — | 877,398 | 783,203 |
| Other legal expenses | 169,750 | 146,351 | — | 146,351 | 159,632 |
| Travel | 374,000 | 379,387 | — | 379,387 | 336,486 |
| Loss on disposal of capital assets | — | — | 10,947 | 10,947 | 276 |
| | 10,055,155 | 10,305,951 | 213,481 | 10,519,432 | 10,158,876 |
| Excess (deficiency) of revenue over expenses | 544,845 | 383,856 | (213,481) | 170,375 | (205,866) |
| Fund Balances, beginning of year | (151,072) | (151,072) | 385,484 | 234,412 | 440,278 |
| Transfer between funds | (393,773) | (310,441) | 310,441 | — | — |
| Fund Balances, end of year | $ — | $ (77,657) | $482,444 | $ 404,787 | $ 234,412 |

(See accompanying notes to the financial statements)

Statement 3

## THE SASKATCHEWAN LEGAL AID COMMISSION
## CASH FLOW STATEMENT
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| Cash provided by (used in) | | |
| **OPERATING ACTIVITIES** | | |
| Excess of revenue over expenses Operating Fund (Statement 2) | $ 383,856 | $ 12,233 |
| Net change in non-cash working capital (note 6) | (166,394) | 366,362 |
| Net cash provided by operating activities | 217,462 | 378,595 |
| **INVESTING ACTIVITIES** | | |
| Purchase of capital assets | (310,441) | (170,486) |
| Net (decrease) increase in cash | (92,979) | 208,109 |
| Cash, beginning of year | 631,122 | 423,013 |
| Cash, end of year | $ 538,143 | $ 631,122 |

(See accompanying notes to the financial statements)

# THE SASKATCHEWAN LEGAL AID COMMISSION
## NOTES TO THE FINANCIAL STATEMENTS
### March 31, 2000

*The Legal Aid Act* came into force on September 1, 1983 by Order in Council 1275/83 and continued The Saskatchewan Community Legal Services Commission as a body corporate under the name of The Saskatchewan Legal Aid Commission. The purpose of the Commission is to provide legal services to persons and organizations for criminal and civil matters where those persons and organizations are financially unable to secure these services from their own resources.

## 1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Fund Accounting

The Commission follows the restricted fund method of accounting for contributions. For financial reporting purposes, the following major funding groups are:

Operating Fund (unrestricted assets)

The Operating Fund reflects the primary operations of the Commission including revenue from the Department of Justice for the provision of legal services and other revenue.

Investment in Capital Assets Fund (restricted assets)

Investment in Capital Assets Fund reflects the equity of the Commission in capital assets. This fund includes any grants designated for the acquisitions of capital assets. The Commission would also impose a restriction that any capital purchases made with operating funds would be recorded as an interfund transfer. Expenses consist primarily of amortization of capital assets.

b) Capital Assets

Capital assets are recorded at cost. Normal repairs and maintenance are expensed as incurred. The capital assets are reduced annually by an amount representing the consumed cost of the asset calculated as follows:

| | |
|---|---|
| Office Equipment and Furniture | 14 2/7% per annum |
| Library | 33 1/3% per annum |

## 2. Revenues

The following are included in revenue:

a) Unrestricted contributions are recognized as revenue of the operating fund in the year received or receivable.

Other revenue is comprised of client contributions, cost recoveries, interest and miscellaneous receipts.

Any unexpended funds remaining from the legislative appropriation (Department of Justice revenue) for a fiscal year must be returned to the Department of Justice unless authorized by Treasury Board.

b) Restricted contributions related to capital assets are recognized as revenue of the investment in capital assets fund in the year received or receivable.

## 3. Pension Plan

The Commission participates in a defined contribution pension plan for the benefit of its employees. The Commission's financial obligation to The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan) is limited to making regular payments to match the amounts contributed by the employees for current service. The Commission's annual pension expense for 2000 amounted to $370,537 (1999 - $327,677).

The Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by the Commission and two appointed by C.U.P.E. Local 1949. Day-to-day administration is provided by the Commission for the Trustees without charge to the Plan. The administration expenses of the Plan are initially paid by the Commission and are subsequently refunded by the Plan. As at March 31, 2000, the Plan owed the Commission $5,676 (1999 - $ 5,784).

## 4. Capital Assets

Capital assets are comprised of the following amounts:

| | 2000 | | | 1999 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Office equipment and furniture | $ 980,232 | $ 564,642 | $ 415,590 | $ 1,024,882 | $ 713,711 | $ 311,171 |
| Library | 1,036,158 | 969,304 | 66,854 | 1,018,695 | 944,382 | 74,313 |
| | $ 2,016,390 | $ 1,533,946 | $ 482,444 | $ 2,043,577 | $1,658,093 | $ 385,484 |

## 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Facilities, vehicle rentals, office supplies, and miscellaneous office services are acquired from a related party. These transactions are recorded at rates which are determined primarily on the basis of recovery of the costs incurred by the related party. These transactions and amounts outstanding at year end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Expenses | $ 867,790 | $ 838,036 |
| Accounts payable | 13,568 | 16,516 |
| Accounts receivable | 25,361 | — |

Other operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Expenses | $ 299,560 | $ 371,489 |
| Accounts payable | 3,107 | 579 |

In addition, the Commission pays Saskatchewan Education and Health Tax on all its taxable purchases. The Commission also received transcripts without charge from the Department of Justice, Transcript Services.

During the year, the Commission made a payment in the amount of $ 21,155 (1999 - $21,155 ) to the Saskatchewan Legal Aid Commission Benefit Plan Surplus Fund. The intent of this fund is to cover increased premium costs of the extended health care benefits for members of C.U.P.E. Local 1949 in accordance with the Collective Bargaining Agreement. The increased premium costs are initially paid by the Commission and for 2000 the Fund reimbursed the Commission $ 4,215 (1999 - $20,888)for the increased premium costs.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

## 6. Net Change in Non-Cash Working Capital Balances Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Increase) decrease in accounts receivable | $ (51,779) | $ 65,147 |
| Decrease in prepaid expenses | 5,257 | 411 |
| (Decrease) increase in accounts payable and accrued liabilities | (119,872) | 300,804 |
| Net change in non-cash working capital balances related to operations | $ (166,394) | $ 366,362 |

## 7. Financial Instruments

Financial instruments consist of:

Cash
Accounts receivable
Accounts payable

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments that may affect the amount, timing and certainty of future cash flows.

b) The carrying value of the financial instruments approximate fair value due to their immediate or short-term nature.

## 8. Measurement Uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of accounts payable and accrued liabilities at the date of the financial statements and the reported amount of expenses during the reported period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

## 9. Budget

These amounts represent the budget approved by members of The Saskatchewan Legal Aid Commission.

Schedule 1

## THE SASKATCHEWAN LEGAL AID COMMISSION
## SCHEDULE OF ADMINISTRATIVE AND OPERATING EXPENSES
### Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| Central Office Administrative | Budget | Operating Fund Actual | Operating Fund Actual |
| Leased accommodation | $ 38,800 | $ 37,152 | $ 104,794 |
| Telephone | 26,540 | 22,320 | 20,718 |
| Computer Maintenance and Support | 9,180 | 60,426 | 43,724 |
| Postage | 7,200 | 6,949 | 7,697 |
| Stationery and office supplies | 10,200 | 2,054 | 10,442 |
| Periodicals | 3,848 | 3,337 | 3,253 |
| Photocopying | 3,940 | 3,597 | 3,581 |
| Other operating expenses | 141,140 | 69,531 | 75,926 |
| Total Central Office Administrative | $ 240,848 | $ 205,366 | $ 270,135 |
| Area Office Administrative and Operating Expenses | | | |
| Leased accommodation | $ 643,103 | $ 614,511 | $ 598,748 |
| Telephone | 161,460 | 161,604 | 164,131 |
| Computer Maintenance and Support | 140,920 | 171,491 | 95,214 |
| Postage | 34,800 | 32,088 | 31,040 |
| Stationery and office supplies | 69,800 | 69,325 | 71,195 |
| Periodicals | 54,152 | 49,675 | 51,386 |
| Photocopying | 39,060 | 37,007 | 37,456 |
| Other operating expenses | 50,690 | 102,349 | 70,636 |
| Total Area Office Administrative and Operating Expenses | $ 1,193,985 | $ 1,238,050 | $ 1,119,806 |

KPMG LLP
Chartered Accountants

## AUDITORS' REPORT

We have audited the balance sheet of Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation as at March 31, 2000 and the statements of restricted fund balances, financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally Canadian accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 8, 2000

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Balance Sheet

March 31, 2000 with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 5,455,852 | $ 1,602,991 |
| Accrued interest receivable | 445,609 | 197,751 |
| Accounts receivable | - | 2,204 |
| Due from Western Canada Lottery - Saskatchewan Division Inc. | 8,373,379 | 6,957,517 |
| | 14,274,840 | 8,760,463 |
| Investments (note 3) | 19,897,342 | 15,721,726 |
| | $ 34,172,182 | $ 24,482,189 |
| **Liabilities and Restricted Fund Balances** | | |
| Current liabilities: | | |
| Accounts payable | $ 1,323,559 | $ 978,432 |
| Grants payable (note 4) | 14,966,570 | 9,687,626 |
| | 16,290,129 | 10,666,058 |
| Restricted fund balances: (note 1) | | |
| Canada Games Program | 2,000,000 | 2,000,000 |
| Community Grant Program | 941,352 | 715,768 |
| Culture | 5,143,183 | 3,839,246 |
| Recreation | 2,809,745 | 1,966,747 |
| Sport | 6,987,773 | 5,294,370 |
| | 17,882,053 | 13,816,131 |
| | $ 34,172,182 | $ 24,482,189 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Statement of Restricted Fund Balances

Year ended March 31, 2000 with comparative figures for 1999

| | | | | | | 2000 | 1999 |
|---|---|---|---|---|---|---|---|
| | Canada Games Program | Community Grant Program | Culture | Recreation | Sport | Total | Total |
| Fund balance, beginning of year | $ 2,000,000 | $ 715,768 | $ 3,839,246 | $ 1,966,747 | $ 5,294,370 | $ 13,816,131 | $ 9,840,163 |
| Allocation of funds available for granting | 500,000 | 4,570,000 | 8,800,508 | 3,771,646 | 12,072,154 | 29,714,308 | 27,581,999 |
| Grants approved | (500,000) | (4,344,416) | (7,496,571) | (2,928,648) | (10,378,751) | (25,648,386) | (23,606,031) |
| Increase in fund balance | - | 225,584 | 1,303,937 | 842,998 | 1,693,403 | 4,065,922 | 3,975,968 |
| Fund balance, end of year | $ 2,000,000 | $ 941,352 | $ 5,143,183 | $ 2,809,745 | $ 6,987,773 | $ 17,882,053 | $ 13,816,131 |

See accompanying notes to financial statements.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Statement of Financial Activities

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | Budget 2000 | 1999 |
|---|---|---|---|
| Transfer of net lottery profits from Western Canada Lottery - Saskatchewan Division Inc. (Schedule 1) | $ 47,101,775 | $ 42,390,525 | $ 44,864,195 |
| Directed payments: (note 5) | | | |
| Federal payment | 1,810,805 | 1,809,780 | 1,791,719 |
| Former distributors | 1,494,080 | 1,600,000 | 1,501,200 |
| Payment to the General Revenue Fund | 14,316,530 | 13,685,100 | 13,977,382 |
| Saskatchewan Exhibition Association | 310,000 | 310,000 | 310,000 |
| | 17,931,415 | 17,404,880 | 17,580,301 |
| Lottery profits after directed payments | 29,170,360 | 24,985,645 | 27,283,894 |
| Interest income | 912,311 | 660,000 | 700,177 |
| Administration expenses (Schedule 2) | 368,363 | 425,816 | 402,072 |
| Funds available for granting | 29,714,308 | 25,219,829 | 27,581,999 |
| Grants approved | 25,648,386 | 23,950,000 | 23,606,031 |
| Increase in fund balance | $ 4,065,922 | $ 1,269,829 | $ 3,975,968 |

See accompanying notes to financial statements.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Statement of Cash Flows

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Increase in fund balance | $ 4,065,922 | $ 3,975,968 |
| Net change in non-cash working capital items: | | |
| Accrued interest receivable | (247,858) | (30,224) |
| Accounts receivable | 2,204 | (765) |
| Due from Western Canada Lottery - Saskatchewan Division Inc. | (1,415,862) | 1,657,024 |
| Prepaid expenses | | 1,861 |
| Accounts payable | 345,127 | 975,554 |
| Grants payable | 5,278,944 | 793,432 |
| | 8,028,477 | 7,372,850 |
| Investing activities: | | |
| Item not affected by cash: | | |
| Bond premium amortization | 4,500 | 2,679 |
| Purchase of investments | (45,875,402) | (31,276,857) |
| Proceeds from disposal of investments | 41,695,286 | 23,710,956 |
| | (4,175,616) | (7,563,222) |
| Increase (decrease) in cash during the year | 3,852,861 | (190,372) |
| Cash, beginning of year | 1,602,991 | 1,793,363 |
| Cash, end of year | $ 5,455,852 | $ 1,602,991 |

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Notes to Financial Statements

March 31, 2000

1. **Nature of operations:**

The Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation was established pursuant to the Interprovincial Lotteries Act and an agreement between the Minister of Municipal Affairs, Culture and Housing for the Province of Saskatchewan and Sask Sport Inc. Under the terms of the agreement, Sask Sport Inc. has been designated as the provincial marketing organization to sell Western Canada Lottery Corporation lottery tickets in Saskatchewan. Sask Sport Inc. has established the Western Canada Lottery - Saskatchewan Division Inc. to market, and Sask Sport Distributors Inc. to distribute these tickets on its behalf.

The net lottery profits are transferred to the Saskatchewan Lotteries Trust Fund for Sport, Culture and Recreation (the Trust) and are detailed in Schedule 1 to these financial statements. The agreement requires that the Trust shall distribute the net profits to eligible organizations designated by the Province of Saskatchewan. These net profits are distributed 50% to sport, 35% to culture and 15% to recreation groups. Each section contributes funds to the Saskatchewan Lotteries Community Grant Program in the same percentage as above. The sport section alone contributed funds to the Canada Games Program.

This lottery agreement also requires Sask Sport Inc., as designated provincial marketing organization for lottery tickets, to pay out of the Trust directed payments as described in note 5.

2. **Significant accounting policies:**

*Investments:*

Investments are valued at cost, less any provisions for permanent impairment in value.

*Grants and directed payments:*

Grants are recognized by the Trust when a completed grant application is received from an eligible organization, the application is approved by the Trust and all criteria have been met by the applicant. Directed payments are recognized by the Trust as required by the lottery agreement.

*Use of estimates:*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Notes to Financial Statements

March 31, 2000

3. **Investments:**

Investments at March 31, 2000 consist of:

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Carrying Amount | Market Value | Carrying Amount | Market Value |
| Guaranteed Investment Certificates and Bankers Acceptances | $17,598,242 | $17,968,124 | $13,922,626 | $13,945,190 |
| Province of Saskatchewan Bonds | 2,299,100 | 2,374,157 | 1,799,100 | 1,873,938 |
| | $19,897,342 | $20,342,281 | $15,721,726 | $15,819,128 |

Guaranteed investment certificates and bankers acceptances mature between May 3, 2000 and September 3, 2002 (1999 – April 26, 1999 and February 13, 2000) and have effective interest rates ranging from 4.9% to 5.9% (1999 – 4.41% to 6.00%). Province of Saskatchewan bonds mature between July 15, 2000 and July 15, 2004 (1999 – July 15, 1999 and July 15, 2003) and bear interest ranging from 5.00% to 6.75% (1999 – 5.00% to 8.00%).

4. **Grants payable:**

| | 2000 | 1999 |
|---|---|---|
| Sport | $ 7,749,688 | $ 3,204,114 |
| Culture | 1,839,050 | 1,417,400 |
| Recreation | 1,253,021 | 858,608 |
| Community Grant Program | 4,124,811 | 4,207,504 |
| | $ 14,966,570 | $ 9,687,626 |

5. **Directed Payments:**

Under the terms of the lottery agreement with the Minister of Municipal Affairs, Culture and Housing for the Province of Saskatchewan the Trust is required to make the following payments to:

- Sask Sport Distributors Inc. to cover the distributor payments made to those volunteer non-profit organizations that previously acted as ticket distributors. This amounted to $1,494,080 (1999 - $1,501,200) during the current year. Of this amount, Sask Sport Inc., as a former ticket distributor, received $358,560 (1999 - $358,560) during the current year.
- the Federal Government which, under an agreement dated September 23, 1979 with the Inter-provincial Lottery Corporation, withdrew from the lottery field in exchange for $24,000,000 annually, in 1979 dollars. Saskatchewan's share of this payment, for the year ended March 31, 2000, was $1,810,805 (1999- $1,791,719).
- the Saskatchewan Exhibition Association in the amount of $310,000 (1999 - $310,000) for the current year.
- the General Revenue Fund of the Province of Saskatchewan a payment of $13,000,000 or 11% of net lottery ticket sales, whichever is greater. During the current year $14,316,530 (1999 - $13,977,382) was paid.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Notes to Financial Statements

March 31, 2000

6. **Related party transactions:**

Sask Sport Inc., as a sport federation, received a grant from the Trust of $452,446 (1999 - $452,446) during the current year, to provide programs and services to its member sport organizations. Sask Sport Inc. also received $14,859 (1999-$18,014) as a fee for providing office equipment for use during the current year.

The Administration Centers for Sport, Culture and Recreation (1989) Inc., a wholly owned subsidiary of Sask Sport Inc., provides office space and administrative services for non-profit sport, culture and recreation associations and received a grant from the Trust of $300,000 (1999 - $328,960) during the current year. In addition, the Trust paid to the Administration Centers for Sport, Culture and Recreation (1989) Inc. $34,535 (1999 - $33,830) for office space and services.

These transactions are in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties. Other related party transactions are disclosed separately in these financial statements.

# Saskatchewan Lotteries Trust Fund For Sport, Culture and Recreation

## Schedule 1 - Net Lottery Profits

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | Budget 2000 | 1999 |
|---|---|---|---|
| Lottery ticket sales | $ 130,150,273 | $ 124,410,000 | $ 127,067,106 |
| Revenue and expense items paid by the Western Canada Lottery Corporation: | | | |
| Prizes | (64,844,115) | (63,599,791) | (63,889,969) |
| Administration and ticket printing | (7,640,540) | (7,940,600) | (8,132,757) |
| Retailer commissions | (7,625,358) | (7,215,780) | (7,381,372) |
| Federal and provincial taxes | (1,267,012) | (1,242,303) | (1,217,584) |
| Interest income | 509,778 | 385,000 | 552,745 |
| Lottery profits transferred from the Western Canada Lottery Corporation | 49,283,026 | 44,796,526 | 46,998,169 |
| Provincial interest and other income | 240,339 | 256,500 | 262,299 |
| Provincial marketing and distribution expenses (note 1) | (2,421,590) | (2,662,501) | (2,396,273) |
| Net lottery profits | $ 47,101,775 | $ 42,390,525 | $ 44,864,195 |

## Schedule 2 - Administration Expenses

Year ended March 31, 2000 with comparative figures for 1999

| | 2000 | Budget 2000 | 1999 |
|---|---|---|---|
| Committee meetings | $ 2,859 | $ 8,670 | $ 3,335 |
| Equipment expense | 14,859 | 14,764 | 18,014 |
| Goods and services tax | 4,152 | 5,599 | 4,518 |
| Insurance | 4,202 | 6,710 | 5,760 |
| Office supplies | 9,129 | 13,000 | 12,954 |
| Postage | 4,561 | 5,000 | 3,583 |
| Printing | 4,575 | 7,500 | 5,910 |
| Professional fees | 47,302 | 85,619 | 73,316 |
| Rent | 22,732 | 22,896 | 22,578 |
| Repairs and maintenance | 962 | 1,750 | 1,778 |
| Salaries and benefits | 243,054 | 240,860 | 238,956 |
| Telephone | 8,309 | 8,448 | 7,386 |
| Travel | 1,667 | 5,000 | 3,984 |
| Total administration expenses | $ 368,363 | $ 425,816 | $ 402,072 |

See accompanying notes to financial statements.

## Sask. Lotteries Trust Fund

### Transfers

Listed by program, are transfers to recipients who received $5,000 or more.

*Community Grant Program*

| | |
|---|---|
| Agency Chiefs Tribal Council | $ 20,000 |
| Ahtahkakoop Band | 8,363 |
| Air Ronge, Northern Village | 6,077 |
| Allan, Town of | 5,329 |
| Asquith, Town of | 7,303 |
| Assiniboia, Town of | 19,524 |
| Athabasca Regional Recreation Assoc. | 34,824 |
| Balcarres, Town of | 5,477 |
| Balgonie, Town of | 10,418 |
| Battleford, Town of | 25,893 |
| Battlefords Tribal Council | 31,250 |
| Beardy's & Okemasis Band | 8,204 |
| Beaver River Regional Recreation Assoc. | 33,554 |
| Bienfait, Town of | 6,333 |
| Big River First Nation | 11,049 |
| Big River, Town of | 8,951 |
| Biggar, Town of | 19,459 |
| Birch Hills, Town of | 10,599 |
| Black Lake Band | 7,404 |
| Broadview, Town of | 6,588 |
| Bruno, Town of | 6,083 |
| Buffalo Narrows, Northern Village | 6,687 |
| Canora, Town of | 15,024 |
| Canwood, Village of | 5,361 |
| Carlyle, Town of | 10,143 |
| Carnduff, Town of | 8,815 |
| Caronport, Village of | 7,283 |
| Central Butte, Town of | 5,514 |
| Churchbridge, Town of | 7,657 |
| Churchill River @ Stanley Mission | 7,817 |
| City of Saskatoon | 50,000 |
| Clavet, Village of | 5,918 |
| Clearwater Regional Recreation Assoc. | 34,134 |
| Coronach, Town of | 7,471 |
| Creighton, Northern Town | 10,878 |
| Cudworth, Town of | 6,960 |
| Cumberland House, Northern Village | 5,309 |
| Cupar, Town of | 5,489 |
| Cut Knife, Town of | 5,990 |
| Dalmeny, Town of | 13,134 |
| Davidson, Town of | 9,966 |
| Debden, Village of | 5,823 |
| Delisle, Town of | 10,447 |
| Dundurn, Town of | 5,381 |
| Eastend, Town of | 6,474 |
| Elrose, Town of | 6,142 |
| Esterhazy, Town of | 18,150 |
| Estevan, City of | 45,696 |
| Eston, Town of | 9,647 |
| File Hills Qu'Appelle Tribal Council | 31,250 |
| Foam Lake, Town of | 11,891 |
| Fort Qu'Appelle, Town of | $ 18,383 |
| Gordon First Nation | 6,591 |
| Grand Coulee, Village of | 6,622 |
| Gravelbourg, Town of | 9,777 |
| Grenfell, Town of | 9,573 |
| Gull Lake, Town of | 6,845 |
| Hague, Town of | 8,759 |
| Hatchet Lake Band | 5,112 |
| Herbert, Town of | 8,536 |
| Hudson Bay, Town of | 11,957 |
| Humboldt, Town of | 29,442 |
| Ile a la Crosse, Northern Village | 9,385 |
| Imperial, Town of | 6,271 |
| Indian Head, Town of | 12,847 |
| Ituna, Town of | 7,927 |
| Kamsack, Town of | 16,149 |
| Kawacatoose First Nation | 7,048 |
| Kelvington, Town of | 10,229 |
| Kerrobert, Town of | 9,091 |
| Kindersley, Town of | 27,000 |
| Kipling, Town of | 9,049 |
| Kitsaki @ LaRonge | 12,230 |
| Kyle, Town of | 6,382 |
| La Loche, Northern Village | 12,484 |
| La Ronge, Town of | 18,821 |
| Lampman, Town of | 6,461 |
| Langenburg, Town of | 10,370 |
| Langham, Town of | 11,481 |
| Lanigan, Town of | 9,830 |
| Lashburn, Town of | 7,518 |
| Leader, Town of | 6,884 |
| Leask, Village of | 5,674 |
| Lloydminster, City of | 32,453 |
| Loon Lake, Village of | 6,221 |
| Lumsden, Town of | 13,910 |
| Luseland, Town of | 6,185 |
| Macklin, Town of | 10,701 |
| Maidstone, Town of | 8,646 |
| Maple Creek, Town of | 19,720 |
| Marshall, Village of | 5,499 |
| Martensville, Town of | 25,878 |
| Meadow Lake Tribal Council | 31,250 |
| Meadow Lake, Town of | 36,610 |
| Melfort, City of | 30,523 |
| Melville, City of | 28,933 |
| Meota, Village of | 5,140 |
| Milestone, Town of | 5,167 |
| Mistawasis First Nation | 6,013 |
| Montmartre, Village of | 5,052 |
| Montreal Lake Band | 9,576 |
| Moose Jaw, City of | 79,135 |
| Moosomin Indian Band | 5,328 |
| Moosomin, Town of | 17,207 |
| Naicam, Town of | 7,424 |
| Neilburg, Village of | 5,824 |
| Neyanun Regional Recreation Assoc. | 37,911 |
| Nipawin, Town of | 26,341 |
| Norquay, Town of | 5,332 |
| North Battleford, City of | 63,899 |
| Northern Recreation Coordinating Committee | 587,700 |

| | | |
|---|---|---|
| Onion Lake Band | $ | 13,424 |
| Osler, Town of | | 7,494 |
| Outlook, Town of | | 14,618 |
| Oxbow, Town of | | 8,333 |
| Paradise Hill, Village of | | 5,934 |
| Pelican Lake First Nation | | 5,023 |
| Pense, Village of | | 5,650 |
| Peter Ballentyn @Pelican Narrows | | 13,970 |
| Peter Ballentyn Band @Southend | | 5,937 |
| Pierceland Village of | | 5,415 |
| Pilot Butte, Town of | | 12,558 |
| Pinehouse Lake, Northern Village | | 5,855 |
| Ponteix, Town of | | 5,698 |
| Porcupine Plain, Town of | | 5,499 |
| Preeceville, Town of | | 9,836 |
| Prince Albert Tribal Council | | 80,000 |
| Prince Albert, City of | | 83,465 |
| Qu'Appelle, Town of | | 6,176 |
| Quill Lake, Village of | | 5,915 |
| R.M. of Brittania #502 | | 5,772 |
| R.M. of Buckland #491 | | 14,637 |
| R.M. of Hudson Bay #394 | | 6,685 |
| R.M. of Moose Jaw #161 | | 7,888 |
| R.M. of Moose Range #486 | | 12,078 |
| R.M. of Paddockwood #520 | | 5,701 |
| R.M. of Porcupine #395 | | 5,053 |
| R.M. of Shellbrook #493 | | 7,620 |
| R.M. of Swift Current 137 | | 6,575 |
| Radville, Town of | | 7,071 |
| Raymore, Town of | | 6,012 |
| Redvers, Town of | | 8,678 |
| Regina Beach, Town of | | 6,661 |
| Regina, City of | | 185,000 |
| Riverside Estates, Hamlet | | 6,481 |
| Rocanville, Town of | | 7,800 |
| Rosetown, Town of | | 19,534 |
| Rosthern, Town of | | 12,736 |
| Sagastew Regional Recreation Assoc. | | 44,179 |
| Saltcoats, Town of | | 5,042 |
| Sandy Bay, Northern Village | | 6,090 |
| Saskatoon District Tribal Council | | 31,250 |
| Saskatoon, City of | | 185,000 |
| Shaunavon, Town of | | 15,009 |
| Shellbrook, Town of | | 7,836 |
| Southeast Treat 4 Tribal Council | | 20,000 |
| Southey, Town of | | 6,369 |
| Spiritwood, Town of | | 9,063 |
| Springside, Town of | | 6,859 |
| St. Brieux, Village of | | 11,352 |
| St. Walburg, Town of | | 7,027 |
| Star City, Town of | | 7,595 |
| Stoughton, Town of | | 5,371 |
| Strasbourg, Town of | | 6,908 |
| Sturgis, Town of | | 6,881 |
| Swift Current, City of | | 63,282 |
| Sylvania, Hamlet of | | 5,482 |
| Theodore Village of | | 5,110 |
| Tisdale, Town of | | 19,599 |
| Touchwood Agency Tribal Council | | 31,250 |
| Turtleford, Town of | | 5,766 |
| Unity, Town of | | 19,469 |
| Wadena, Town of | | 12,146 |
| Wakaw, Town of | | 7,775 |
| Warman, Town of | | 23,170 |
| Watrous, Town of | | 13,124 |
| Watson, Town of | | 7,138 |
| Wawota, Town of | | 6,823 |
| Weyburn, City of | | 41,323 |
| White City, Village of | | 8,977 |
| Whitewood, Town of | | 8,541 |
| Wilkie, Town of | | 11,590 |
| Wolseley, Town of | | 6,769 |
| Wynyard, Town of | | 15,459 |
| Yellow Quill Band | | 5,531 |
| Yorkton District Chiefs Tribal Council | | 31,250 |
| Yorkton, City of | | 64,404 |
| Payees under $5,000 | | 968,853 |
| | | 4,538,883 |
| Less grants returned from prior years | | 194,467 |
| | $ | 4,344,416 |

*The Culture Section*

| | | |
|---|---|---|
| Administration Centers for Sport Culture&Rec. | $ | 148,750 |
| CARFAC Sask. Visual Artists | | 143,000 |
| Circle Vision Arts Corporation | | 7,814 |
| Dance Sask. Inc. | | 177,000 |
| Federation of Sask. Indian Nations | | 77,000 |
| Hostelling International - Sask | | 29,250 |
| Le Counseil Culturel Fransaskois | | 173,000 |
| Mendel Art Gallery | | 100,000 |
| Multicultural Council of Sask | | 203,900 |
| Museums Assoc. of Sask. Inc | | 336,000 |
| Nature Sask | | 93,000 |
| Organization of Sask. Arts Councils | | 397,000 |
| Sask. Metis Sports, Culture, Recreation&Youth | | 49,000 |
| Sask. Archaeological Society | | 115,000 |
| Sask. Architectural Heritage Society | | 78,000 |
| Sask. Band Assoc. | | 175,000 |
| Sask. Choral Federation | | 137,250 |
| Sask. Community Theatre Inc | | 86,000 |
| Sask. Craft Council | | 167,500 |
| Sask. Cultural Exchange Society | | 161,000 |
| Sask. Drama Assoc. | | 125,800 |
| Sask. Elocution & Debate Assoc. | | 81,500 |
| Sask. Express | | 291,000 |
| Sask. Genealogical Society | | 105,000 |
| Sask. German Council Inc. | | 111,000 |
| Sask. History & Folklore Society | | 101,500 |
| Sask. Library Assoc. | | 92,000 |
| Sask. Motion Picture Assoc. | | 325,000 |
| Sask. Music Educators Assoc. | | 131,000 |
| Sask. Music Festival Assoc. | | 99,400 |
| Sask. Orchestral Assoc. | | 58,000 |
| Sask. Organization for Heritage Languages | | 130,000 |
| Sask. Publishers Group | | 80,000 |
| Sask. Recording Industry Assoc. | | 97,500 |
| Sask. Society for Education through Art | | 78,000 |
| Sask. Writers Guild | | 383,000 |
| SaskCulture | | 2,136,047 |
| Ukrainian Canadian Congress | | 167,800 |

| | |
|---|---|
| Wanuskewin Heritage Park | 100,000 |
| | 7,548,011 |
| Less grants returned from prior years | 51,440 |
| | $ 7,496,571 |

*The Recreation Section*

| | |
|---|---|
| Abilities Council | $ 43,511 |
| Administration Centers for Sport Culture&Rec | 59,500 |
| Air Cadet League - Sask. Provincial Committee | 49,019 |
| Army Cadet League | 46,019 |
| Assoc. of Sask Urban Parks & Conservation | 32,679 |
| Badlands Regional Recreation Assoc. | 32,842 |
| Battleford Regional Recreation Assoc. | 32,842 |
| Battlefords Boys & Girls Club | 26,034 |
| Blackstrap Regional Recreation & Parks Assoc. | 32,842 |
| Boy Scouts of Canada - Sask. Provincial Council | 45,468 |
| Boys & Girls Club of Yorkton Inc. | 25,000 |
| Boys and Girls Club of Saskatoon | 35,503 |
| Canadian National Institute for the Blind | 36,748 |
| Duke of Edinburgh Award | 39,533 |
| Federation of Sask. Indian Nations | 16,500 |
| Girl Guides of Canada Saskachewan Council | 46,019 |
| Harvest Community of the Prairies Inc. | 29,844 |
| Last Touch Regional Recreation Assoc. | 32,842 |
| Life Saving Society | 46,019 |
| Mental Health Assoc. in Sask. | 46,019 |
| Navy League - Sask. Division | 46,019 |
| North Central Regional Recreation Assoc. | 32,842 |
| North East Recreation & Parks Assoc. | 32,842 |
| Outdoor & Environmental Education Assoc. | 22,200 |
| Parkland Regional Recreation Assoc. | 32,842 |
| Qu'appelle Valley Regional Recreation Assoc. | 32,842 |
| Quill Plains Regional Recreation Assoc. | 32,842 |
| Red Cross Society | 46,019 |
| River Junction Parks&Recreation Assoc. | 32,842 |
| Sask. Metis Sports, Culture, Recreation&Youth | 10,500 |
| Sask Square and Round Dance Federation Inc. | 33,658 |
| Sask. Assoc. for Community Living | 33,010 |
| Sask. Assoc. of Recreation Professionals | 46,019 |
| Sask. Camping Assoc. | 49,609 |
| Sask. Parks & Recreation Assoc. | 971,121 |
| Sask. Physical Education Assoc | 46,019 |
| Sask. Recreation Facility Assoc. | 46,019 |
| Sask. Regional Parks Assoc. | 61,984 |
| Sask. Wildlife Federation | 46,019 |
| Seniors Mechanism | 128,450 |
| Ski Patrol System-Sask. Division | 32,742 |
| Snowmobile Assoc. | 33,323 |
| South Central Recreation & Parks Assoc. | 32,842 |
| South East Sask. Assoc. for Culture, Rec & Sport | 98,525 |
| South West Recreation Assoc. | 32,842 |
| St. John Council for Sask. Properties Inc. | 17,791 |
| Underwater Council Inc. | 35,503 |
| Wild Goose Regional Recreation Assoc. | 32,842 |
| Youth Unlimited of Regina | 76,289 |
| | 2,931,180 |
| Less grants returned from prior years | 2,532 |
| | $ 2,928,648 |

*The Sports Section*

| | |
|---|---|
| Academy of Sport Medicine | $ 50,000 |
| Administration Centers for Sport Culture&Rec | 191,750 |
| Basketball Sask. Inc | 250,763 |
| Bowling Federation of Sask. | 154,916 |
| Bowls Sask. Inc. | 83,534 |
| Coaches Assoc. Of Sask. | 73,103 |
| Federation of Sask. Indian Nations | 55,000 |
| Football Sask. | 241,854 |
| Gymnastics Sask. Inc. | 230,528 |
| Horseshoe Sask. Inc. | 35,995 |
| Judo Sask. | 96,480 |
| Ringette Assoc. of Sask. | 116,380 |
| Sask. Metis Sports, Culture, Recreation&Youth | 35,000 |
| Sask Sport Inc. | 1,296,196 |
| Sask. Hockey Assoc. | 361,449 |
| Sask. Amateur Boxing Assoc. | 68,466 |
| Sask. Amateur Speed Skating Assoc. | 128,201 |
| Sask. Amateur Trapshooting Assoc. | 52,602 |
| Sask. Amateur Wrestling Assoc. | 169,029 |
| Sask. Archery Assoc. | 68,995 |
| Sask. Athletics | 298,505 |
| Sask. Badminton Assoc. | 116,444 |
| Sask. Baseball Assoc. | 236,833 |
| Sask. Baton Twirling Assoc. | 62,437 |
| Sask. Blind Sports Assoc. | 37,813 |
| Sask. Broomball Assoc. | 103,193 |
| Sask. Canoe Assoc. | 133,411 |
| Sask. Combative Arts Assoc. | 19,668 |
| Sask. Curling Assoc. | 260,865 |
| Sask. Cycling Assoc. | 121,456 |
| Sask. Darts Assoc. Inc. | 32,333 |
| Sask. Deaf Sports Assoc. | 26,717 |
| Sask. Diving Assoc. | 95,694 |
| Sask. Fencing Assoc. | 73,116 |
| Sask. Field Hockey Assoc. | 79,758 |
| Sask. Figure Skating Assoc. | 187,775 |
| Sask. Games Council | 295,000 |
| Sask. Golf Assoc. | 180,434 |
| Sask. Handball Assoc. | 34,113 |
| Sask. Handgun Assoc. | 42,569 |
| Sask. High Schools Athletic Assoc. | 217,237 |
| Sask. Horse Federation Inc. | 209,995 |
| Sask. Karate Assoc. | 89,391 |
| Sask. Lacrosse Assoc. | 97,573 |
| Sask. Provincial Rifle Assoc. | 44,102 |
| Sask. Provincial Small Bore Assoc. | 35,156 |
| Sask. Racquetball Assoc. | 71,425 |
| Sask. Rhythmic Sportive Gymnastics | 69,478 |
| Sask. Rowing Assoc. | 118,232 |
| Sask. Rugby Union Inc. | 133,561 |
| Sask. Sailing Clubs Assoc. | 79,202 |
| Sask. Skeet Shooting Assoc. | 43,482 |
| Sask. Ski Assoc. | 276,810 |
| Sask. Soccer Assoc. | 303,922 |
| Sask. Special Olympics Society Inc. | 111,484 |
| Sask. Sports Hall of Fame | 228,706 |
| Sask. Squash Inc. | 75,968 |
| Sask. Table Tennis Assoc. | 96,330 |

| | |
|---|---|
| Sask. TaeKwon-Do Inc. | $ 98,288 |
| Sask. Team Handball Federation | 84,766 |
| Sask. Triathlon Assoc. | 33,348 |
| Sask. Volleyball Assoc. | 275,972 |
| Sask. Water Ski Assoc. | 87,685 |
| Sask. Weightlifting Assoc. | 63,446 |
| Sask. Wheelchair Sports Assoc. | 44,948 |
| Soaring Assoc. of Sask. | 29,677 |
| Softball Sask. | 273,726 |
| South East Sask. Assoc. for Culture, Rec & Sport | 60,000 |
| Sport Medicine & Science Council of Sask. | 364,489 |
| Sport Parachute Assoc. of Sask. Inc. | 24,651 |
| Swim Sask. Inc. | 176,589 |
| Synchro Sask. | 139,223 |
| Tennis Sask. | 125,345 |
| Water Polo Sask. | 103,209 |
| Zone 2 - Regina Sport Council | 60,000 |
| Zone 3 Sport Council | 48,313 |
| Zone 3 Sport Council | 23,765 |
| Zone 4 Sport Council | 60,000 |
| Zone 5 Central Sask. Sport Council | 60,000 |
| Zone 6 Saskatoon Sport Council | 60,000 |
| Zone 7 Sport Council | 60,000 |
| Zone 8 Sport Council | 60,000 |
| | 10,917,869 |
| Less grants returned from prior years | 39,118 |
| | $ 10,878,751 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan.

I have audited the consolidated balance sheet of the Saskatchewan Research Council as at March 31, 2000 and the consolidated statements of operations and retained earnings and cashflows for the year then ended. The Council's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements, present fairly, in all material respects, the financial position of the Council as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 11, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## SASKATCHEWAN RESEARCH COUNCIL
## CONSOLIDATED BALANCE SHEET
### As At March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Accounts receivable | $ 2,508,023 | $ 2,539,663 |
| Prepaid expenses | 415,883 | 84,906 |
| | 2,923,906 | 2,624,569 |
| Non-current assets: | | |
| Advances receivable | --- | 12,015 |
| Deferred charge (Note 3 and Note 4) | 766,000 | 1,018,000 |
| Restricted investments (Note 5) | 537,286 | 168,566 |
| Capital assets (Note 6) | 6,927,493 | 6,306,789 |
| | $ 11,154,685 | $ 10,129,939 |
| **LIABILITIES AND PROVINCE'S EQUITY** | | |
| Current liabilities: | | |
| Bank indebtedness (Note 7) | $ 1,218,198 | $ 1,240,231 |
| Accounts payable | 811,088 | 1,473,325 |
| Advances payable | 43,344 | --- |
| Unearned revenue | 1,003,044 | 315,342 |
| Deferred revenue (Note 8) | 390,203 | 822,527 |
| Salaries and wages payable | 416,066 | 560,141 |
| Vacation payable | 102,175 | 115,116 |
| | 3,984,118 | 4,526,682 |
| Non-current liabilities: | | |
| Sick leave benefits payable | 424,684 | 432,480 |
| Accrual for decommissioning (Note 9) | 800,000 | 686,000 |
| Deferred revenue (Note 8) | 2,795,429 | 2,326,820 |
| | 8,004,231 | 7,971,982 |
| Province's equity: | | |
| Retained earnings – unappropriated (Statement 2) | 2,613,168 | 1,989,391 |
| Retained earnings – appropriated (Note 5) | 537,286 | 168,566 |
| | 3,150,454 | 2,157,957 |
| | $ 11,154,685 | $ 10,129,939 |

(See accompanying notes to the financial statements)

Statement 2

## SASKATCHEWAN RESEARCH COUNCIL
## CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
### Year Ended March 31

| | 2000 (Note 13) | 1999 (Note 13) |
|---|---|---|
| Revenue: | | |
| Contracts | $ 10,679,447 | $ 11,167,240 |
| Grant – General Revenue Fund | 7,947,000 | 7,956,000 |
| Grants – Agri-Food Innovation Fund (Note 8) | 389,504 | 290,853 |
| Bank interest revenue | 150,459 | 136,137 |
| | 19,166,410 | 19,550,230 |
| Expenses: | | |
| Salaries and benefits | 10,047,840 | 10,062,730 |
| Supplies and services | 4,214,409 | 4,542,434 |
| Accommodation charges | 3,078,929 | 3,027,236 |
| Amortization of capital assets | 907,145 | 1,007,830 |
| Amortization of Agri-Food Innovation Fund funded assets (Note 8) | 389,504 | 290,853 |
| Bank interest | 11,077 | 8,853 |
| | 18,648,904 | 18,939,936 |
| Net income from operations | 517,506 | 610,294 |
| Technology in Action Fund donations (Note 5) | 352,415 | 25,000 |
| Pension Plan increase (decrease) in surplus amount (Note 4) | 175,576 | (125,315) |
| Pension Plan enhancement to Pensioners' Benefits (Note 4) | (53,000) | (470,000) |
| Net income | 992,497 | 39,979 |
| Retained earnings – unappropriated, beginning of year | 1,989,391 | 1,951,325 |
| Deduct amounts appropriated during year (Note 5) | (368,720) | (1,913) |
| Retained earnings – unappropriated, end of year – to Statement 1 | $ 2,613,168 | $ 1,989,391 |

(See accompanying notes to the financial statements)

Statement 3

## SASKATCHEWAN RESEARCH COUNCIL
## CONSOLIDATED STATEMENT OF CASHFLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash receipts from contracts | $ 11,101,501 | $ 10,993,126 |
| Cash receipts from General Revenue Fund (GRF) | 8,012,000 | 7,956,000 |
| Cash receipts from donations | 352,415 | 25,000 |
| Cash paid to suppliers and employees | (17,410,627) | (18,480,744) |
| Interest received | 119,154 | 133,224 |
| Interest paid | (11,077) | (8,853) |
| Cash flows from operating activities | 2,163,366 | 617,753 |
| **Cash flows from investing activities:** | | |
| Purchase of investments | (350,000) | (10,000) |
| Purchase of capital assets | (2,564,051) | (4,345,279) |
| Proceeds from sale of capital assets | 46,698 | 57,721 |
| Cash flows used in investment activities | (2,867,353) | (4,297,558) |
| **Cash flows from financing activities:** | | |
| Cash receipts from AFIF (Note 8) | 726,020 | 1,140,200 |
| Cash receipts from Provincial Strategic Initiative Fund (GRF) | — | 300,000 |
| Cash flows from financing activities | 726,020 | 1,440,200 |
| Net increase (decrease) in cash and cash equivalents | 22,033 | (2,239,605) |
| Cash and cash equivalents, beginning of year | (1,240,231) | 999,374 |
| Cash and cash equivalents, end of year | $ (1,218,198) | $ (1,240,231) |
| Represented by: | | |
| Bank indebtedness | $ (1,218,198) | $ (1,240,231) |

(See accompanying notes to the financial statements)

# SASKATCHEWAN RESEARCH COUNCIL
## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
### March 31, 2000

## 1. Status of Saskatchewan Research Council

Saskatchewan Research Council ("the Council") was established pursuant to Section 3 of *The Research Council Act* for the purpose of research and investigation in the fields of the physical sciences, pure and applied, as they affect the economy of the Province of Saskatchewan. The Council is a body corporate which receives monies appropriated by the Legislature for these purposes. It is also empowered to conduct research under contract for others and to receive financial assistance pursuant to agreements with other similar agencies.

## 2. Summary of Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered to be significant:

a) Consolidation Principles and Basis of Presentation

The accounts of TecMark International Commercialization Inc., a wholly owned subsidiary of the Saskatchewan Research Council, are consolidated in these financial statements.

The Council's proportionate share of the assets, liabilities, revenues, expenses and cash flows of a joint venture with Bova-Can Parentage Testing Inc. are included in these financial statements.

b) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

c) Revenue Recognition

Revenue from the majority of contract work is recognized on the percentage-of-completion method which recognizes revenue as a contract progresses. Unbilled revenues are accrued to the year-end for these contracts, while pre-billed revenues received are classified as unearned revenue.

Other contributions that are restricted for a specified use are deferred and are recognized as revenue when the related expenses are incurred.

Agri-Food Innovation Fund revenue is recognized at the same rate as the assets are put in use and amortized.

## 2. Summary of Accounting Policies (Continued)

### d) Capital Assets

The assets of the Council are initially recorded at cost, including labour, material and overhead for self-constructed assets.

Amortization of capital assets is provided over the estimated useful lives of the assets on the following basis:

| | | |
|---|---|---|
| i) | Sum-of-the-years'-digits method | |
| | Buildings | 20 years |
| | Equipment | 5-10 years |
| ii) | Declining balance method | |
| | Automotive | 33 1/3% |
| iii) | Straight-line | |
| | Goodwill | 5 years |
| | Leaseholds | 9 years |
| | Fermentation and GenServe Equipment | 10 years |

### e) Accrued Vacation Credits

The costs associated with vacation credits are recognized when the vacation entitlements are earned. The value of credits earned to the year-end but not taken is reflected as a liability.

### f) Sick Leave Benefits

The Council allowed unused sick leave credits to accumulate over the term of employment for each employee to March 31, 1998. The costs associated with these sick leave benefits are recognized when benefits are earned and accumulated by employees at a rate of 10% of the unused accumulated value of credits earned.

The practice of accumulating sick leave credits for 10% payout ceased effective April 1, 1998. Upon termination of employment the Council pays out 10% of the accumulated unused sick leave credits to March 31, 1998, based on the wage rate in effect at March 31, 1998.

## 2. Summary of Accounting Policies (Continued)

### g) Accrual for Decommissioning

The Council accrues the liability for future decommissioning and site restoration costs when the likelihood of incidence is established and such costs can be reasonably determined. Annual provisions for estimated future asset decommissioning and site restoration costs, less any residual or salvage value, are charged to Supplies and Services expense over the remaining service lives of the related capital assets. These cost estimates are revised periodically in accordance with changes in the assumptions and estimates underlying the calculations, with changes in technology, with experience arising from the decommissioning of capital assets, and with changes in applicable legislation and regulations.

### h) Restricted Investments

The investment is comprised of deposits in units in a money market mutual fund and units in a balanced mutual fund, both managed by a professional investment manager. The money market fund and the balanced mutual fund have no fixed interest rates, and the returns are based on the performance of the funds. Additional units in the mutual funds are acquired when distributions are made by the funds. Cash dividends are not paid by the funds; however, investors can realize changes in the underlying unit values by redeeming units.

Units in the mutual funds are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the fund portfolio divided by the total number of outstanding units in that fund. The adjustment necessary to record units at their net asset value at the year-end is included in bank interest revenue.

## 3. Deferred Charge

The deferred charge on the balance sheet is the Pension Plan Surplus as at March 31, 2000.

## 4. Pension Plan

The Council maintains a Pension Plan for its employees. Until December 31, 1990, it was a defined benefit plan. Effective January 1, 1991, the Plan was changed to a defined contribution plan. The changes do not affect existing pensioners who will continue to receive benefits as granted. The latest actuarial valuation was updated as at January 1, 2000. The Pension Plan has been valued using the administrator's best estimates. The financial position of the Plan is as follows:

| | 2000 | 1999 |
|---|---|---|
| Plan assets at market value, January 1 | $ 23,824,798 | $ 22,104,991 |
| Adjustment for increase (decrease) in market value to March 31 | 173,422 | (86,568) |
| Plan assets at adjusted market value | 23,998,220 | 22,018,423 |
| Accrued Plan benefits: | | |
| Defined contribution | 19,928,220 | 17,716,423 |
| Defined benefit | 3,251,000 | 2,814,000 |
| Enhancement to Pensioners' Benefits | 53,000 | 470,000 |
| Surplus | $ 766,000 | $ 1,018,000 |

Upon termination of the Plan, any balance of the Pension Fund remaining after all liabilities are discharged shall belong to the Council. The balance may be distributed in a manner to be determined by the Council at its sole discretion after receiving approval in accordance with *The Pension Benefits Act, 1992*, the *Income Tax Act* (Canada) and the regulations thereunder.

During the year, the Council used $374,576 (1999 - $466,685) of the pension surplus excess to offset employer contributions to the Plan. The Council had been holding back this surplus as a contingency reserve; however, due to good investment performance, the contingency reserve had increased beyond the required and acceptable level. The contribution holiday ceased effective December 31, 1999, in accordance with the application to the Saskatchewan Superintendent of Pensions.

Under the current provisions of the Plan, no increase is paid to any pensioner in the years during which the fund earned less than 6%. During 1999, the Board of Directors passed a Motion to grant increases to the pensioners' benefits for the three years when no increases were provided. The additional pensions represented by this liability will commence, retroactive to April 1, 1999, once approval of the Amendment has been received from the Canada Customs and Revenue Agency (CCRA). The Council has already received approval from the Saskatchewan Superintendent of Pensions and expects that the CCRA will approve the Amendment.

## 4. Pension Plan (Continued)

The Council included a charge of $53,000 (1999 - $470,000) based on the Actuary's estimate of the cost of these increases. Since the proposed amendment to the plan has not been approved by the CCRA there is some uncertainty associated with this estimate.

| | 2000 | 1999 |
|---|---|---|
| Surplus, beginning | $ 1,018,000 | $ 2,080,000 |
| Contribution holiday | (374,576) | (466,685) |
| Plan administration | (68,842) | (62,423) |
| Investment gain (loss) | 244,418 | (62,892) |
| Enhancement to Pensioners' Benefits | (53,000) | (470,000) |
| Surplus, ending | $ 766,000 | $ 1,018,000 |

## 5. Restricted Investments

Restricted investments represents the Technology in Action Fund ("Fund"), which was established by the Council in 1994 when Mr. Ian Wahn made a gift to the Council, an agent of the Crown. The Fund was established to help the people of Saskatchewan develop their province as a highly skilled, fair, desirable and compassionate society with a secure environment through research, development and the transfer of innovative scientific and technological solutions, applications and services. The Council received a binding ruling from Revenue Canada that accepts this as a "Gift to the Crown". The Council will maintain a separate account of the capital contributions and all investment income earned. The amount contributed cumulatively to March 31, 2000, is as follows:

| | 2000 | Change | 1999 |
|---|---|---|---|
| Capital contributions | $ 503,778 | $ 352,415 | $ 151,363 |
| Investment earnings | 88,508 | 31,305 | 57,203 |
| Technology grants | (55,000) | (15,000) | (40,000) |
| Total | $ 537,286 | $ 368,720 | $ 168,566 |

## 6. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | $ 739,323 | $ 706,920 | $ 32,403 | $ 38,742 |
| Leaseholds | 1,629,229 | 1,179,474 | 449,755 | 1,054,006 |
| Equipment | 15,147,674 | 11,899,769 | 3,247,905 | 2,564,120 |
| Automotive | 183,405 | 183,405 | --- | --- |
| Goodwill | 35,413 | 21,248 | 14,165 | 21,248 |
| Fermentation Facility | 3,290,312 | 624,126 | 2,666,186 | 2,617,673 |
| GenServe Equipment | 562,310 | 56,231 | 506,079 | --- |
| Land | 11,000 | --- | 11,000 | 11,000 |
| | $21,598,666 | $14,671,173 | $ 6,927,493 | $ 6,306,789 |

Included in the cost and net book value of equipment, is $748,568 (1999 - $128,819) of assets that were not amortized because they were not ready for use.

## 7. Bank Indebtedness

The Council was authorized by the Minister of Finance to establish a line of credit not to exceed $5,100,000. There is an assignment of the accounts receivable as collateral for bank indebtedness. Interest is charged on the line of credit at the Bank of Montreal prime rate.

## 8. Deferred Revenue – GenServe Equipment and Fermentation Facility

The Council receives contributions for certain capital assets, which it records as deferred revenue until such time as the assets are put in use and amortized. During the year, the Council received $726,020 (GenServe $562,310 and Fermentation $163,710) in contributions (1999 - $0 and $1,140,200) from the Agri-Food Innovation Fund (AFIF), a related party, which were recorded in deferred revenue and related to capital asset expenditures. Also during the year the Council recorded $389,504 (GenServe $56,231 and Fermentation $333,273; 1999 - $0 and $290,853) as revenue based on the amortization of the related capital assets.

## 8. Deferred Revenue – GenServe Equipment and Fermentation Facility (Continued)

The current portion of deferred revenue, is comprised of the following amounts:

| | 2000 | 1999 |
|---|---|---|
| Following year's amortization of Fermentation Facility asset | $ 333,273 | $ 290,853 |
| Provincial Strategic Initiative Fund grant for startup costs | --- | 300,000 |
| Agri-Food Innovation Fund revenue representing expenditures for the following fiscal year | 699 | 231,674 |
| Following year's amortization of GenServe assets | 56,231 | --- |
| | $ 390,203 | $ 822,527 |

The long-term portion, $2,795,429 (GenServe $449,848 and Fermentation $2,345,581; 1999 - $0 and $2,326,820), represents AFIF monies used to purchase capital assets that will be recognized as revenue at the same rate that the assets are amortized.

## 9. Accrual for Decommissioning

Atomic Energy Control Board of Canada licensing conditions require that SLOWPOKE reactor owners have in place a decommissioning plan and a financial plan to cover the associated costs.

The Council estimates decommissioning costs will be in the range of $800,000 to $1,400,000.

In the Council's best estimate, the costs of decommissioning will be much closer to the low end of the range. Additionally, the Council is expecting the useful life to exceed original estimates. As a result, as at March 31, 2000, $800,000 (1999 - $686,000) was accrued for decommissioning costs.

## 10. TecMark Inc.

TecMark International Commercialization Inc. ("TecMark") was incorporated under *The Business Corporations Act* (Saskatchewan) on October 9, 1996, as a wholly owned subsidiary of the Council. The purpose of the Corporation is to assist in the commercialization of technology for inventors, entrepreneurs and partner institutions in the Province of Saskatchewan.

## 10. TecMark Inc. (Continued)

Supplies and Services includes $55,095 (1999 - $86,217) in connection with projects undertaken by TecMark. All these projects are funded by SRC.

## 11. Joint Venture

Effective February 1, 1997, the Council entered into a 50 percent ownership joint venture with Bova-Can Parentage Testing Inc. The five-year arrangement automatically renews after the initial term in yearly increments, and provides Bova-Can Laboratories with access to all animal lists and history, and the genotyping market. Upon termination of this agreement, the complete database of genotypes, the DNA bank and 50% of the net assets will transfer to Bova-Can Parentage Testing Inc.

The effect of the transaction results in the Council retaining the following assets, liabilities, revenues, expenses and cash flows (which are included in the preceding consolidated financial statements) related to the Council's portion of the joint venture:

| | 2000 | 1999 |
|---|---:|---:|
| Current Assets | $ 101,756 | $ 46,976 |
| Long-term Assets | 112,232 | 160,100 |
| Current Liabilities | 29,620 | 29,796 |
| Long-term Liabilities | 8,251 | 8,280 |
| Revenue | 577,932 | 602,645 |
| Expenses | 570,814 | 583,264 |
| Net income | 7,118 | 19,381 |
| Cash flows resulting from operating activities | 59,717 | 75,098 |
| Cash flows resulting from investing activities | (4,359) | (77,165) |

## 12. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Council by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms except for the following:

F1

## 12. Related Party Transactions (Continued)

During the year, the Council paid $2.9 million (1999 - $2.7 million) to the Saskatchewan Property Management Corporation (SPMC) and Saskatchewan Opportunities Corporation (SOCO) for accommodation charges on buildings. At year-end, SRC has lease commitments with SOCO requiring minimum lease payments of $1.8 million for each of the next two years.

During the year, the Council entered into fee-for-service contracts for $1.5 million (1999 - $1.8 million) with related parties, of which $0.7 million remains in accounts receivable as at March 31, 2000. The Council has $3.2 million (1999 - $3.2 million) of deferred revenue from related parties as at March 31, 2000. Of the $3.2 million, $2.7 million (1999 - $3.2 million) is related to the Fermentation Facility's funding from AFIF and $0.5 million (1999 - $0) is related to the GenServe funding from AFIF.

During the year, the Council provided general administrative services to the Saskatchewan Research Council Employees' Pension Plan without charge.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 13. Comparison of Planned and Actual Results

A comparison of actual to budgeted results for each line item on the income statement follows:

| | Actual 2000 | Budget 2000 | Actual 1999 | Budget 1999 |
|---|---|---|---|---|
| Revenue: | | | | |
| Contracts | $ 10,679,447 | $ 12,671,000 | $ 11,167,240 | $ 12,945,000 |
| Grant – General Revenue Fund | 7,947,000 | 7,947,000 | 7,956,000 | 7,956,000 |
| Grants – AFIF | 389,504 | 395,000 | 290,853 | --- |
| Bank interest revenue | 150,459 | 50,000 | 136,137 | 26,000 |
| | 19,166,410 | 21,063,000 | 19,550,230 | 20,927,000 |
| Expenses: | | | | |
| Salaries and benefits | 10,047,840 | 10,000,000 | 10,062,730 | 9,675,000 |
| Supplies and services | 4,214,409 | 6,241,000 | 4,542,434 | 6,907,000 |
| Accommodation charges | 3,078,929 | 3,250,000 | 3,027,236 | 3,440,000 |
| Amortization of capital assets | 907,145 | 1,122,000 | 1,007,830 | 905,000 |
| Amortization of AFIF funded assets | 389,504 | 395,000 | 290,853 | --- |
| Bank interest | 11,077 | 54,000 | 8,853 | 90,000 |
| | 18,648,904 | 21,062,000 | 18,939,936 | 21,017,000 |

## 13. Comparison of Planned and Actual Results (Continued)

| | | | | |
|---|---|---|---|---|
| Net income from operations | 517,506 | 1,000 | 610,294 | (90,000) |
| Technology in Action Fund Donations | 352,415 | --- | 25,000 | --- |
| Pension Plan increase (decrease) in surplus | 175,576 | --- | (125,315) | 400,000 |
| Pension Plan enhancement to Pensioners' Benefits | (53,000) | --- | (470,000) | --- |
| Net income | $ 992,497 | $ 1,000 | $ 39,979 | $ 310,000 |

## 14. Expenses by Program

| Program | Actual 2000 | Budget 2000 | Actual 1999 | Budget 1999 |
|---|---|---|---|---|
| Research & Technology | $ 13,554,236 | $ 15,043,903 | $ 13,084,120 | $ 15,500,262 |
| Laboratory Services | 5,094,668 | 6,018,097 | 5,855,816 | 5,516,738 |
| Total | $ 18,648,904 | $ 21,062,000 | $ 18,939,936 | $ 21,017,000 |

Administrative services have been allocated to each program based on a percentage of labour. Space costs have been allocated to each program based on an estimate of square footage occupied.

## 15. Financial Instruments

The Council's significant financial instruments consist of accounts receivable, accounts payable and the bank indebtedness (line of credit).

### Credit Risk:

The Council is exposed to credit risk from the potential default of customers. However, the majority of the Council's receivables are from related parties, other government agencies and reputable, longstanding corporate clients. Therefore the credit risk is minimal.

### Fair Values:

The fair values of the accounts receivable, accounts payable and bank indebtedness approximate their carrying value due to the short-term nature of these instruments.

## 16. Uncertainty due to the Year 2000 (Y2K)

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date.

Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## 17. Financial Statement Presentation

Certain of the 1999 financial statement balances have been reclassified to conform to the 2000 presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Student Aid Fund as at March 31, 2000 and the statements of revenue, expenditure and accumulated surplus, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 11, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## SASKATCHEWAN STUDENT AID FUND
## BALANCE SHEET
### As at March 31

| | 2000 | 1999<br>(Restated Note 9) |
|---|---|---|
| **ASSETS** | | |
| Assets: | | |
| Due from General Revenue Fund (Note 6) | $ 44,366,379 | $ 57,570,441 |
| Accrued Interest | 582,675 | 673,178 |
| Appropriation Due from General Revenue Fund | 4,100,000 | 0 |
| Other Receivables | 207,351 | 42,142 |
| Student Loans Receivable (Note 7) | 4,669,883 | 7,643,393 |
| Total Assets | $ 53,926,288 | $ 65,929,154 |
| **LIABILITIES, FUND BALANCES AND ACCUMULATED SURPLUS** | | |
| **Liabilities:** | | |
| Due to Royal Bank of Canada (Note 8) | $ 33,748,686 | $ 38,897,949 |
| Other Accounts Payable | 675,915 | 895,294 |
| Total Liabilities | 34,424,601 | 39,793,243 |
| Scholarship Funds | 36,300 | 36,300 |
| Accumulated Surplus (Statement 2) | 19,465,387 | 26,099,611 |
| | $ 53,926,288 | $ 65,929,154 |

(See accompanying notes to financial statements)

Statement 2

## SASKATCHEWAN STUDENT AID FUND
## STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED SURPLUS
### For the Year Ended March 31

| | BUDGET | 2000 | 1999<br>(Restated Note 9) |
|---|---|---|---|
| Revenue: | | | |
| Appropriation from the General Revenue Fund | $ 27,515,000 | $ 24,086,000 | $ 30,995,000 |
| Interest Payments from the General Revenue Fund | 2,000,000 | 2,086,818 | 2,903,110 |
| Interest on Student Loans | 0 | 1,206,447 | 2,426,191 |
| Recovery of Bad Debt Allowances | 0 | 1,487,188 | 875,865 |
| Other Income | 150,000 | 180,823 | 125,195 |
| | 29,665,000 | 29,047,276 | 37,325,361 |
| Expenditure: | | | |
| Interest on General Revenue Fund Loan (Note 10) | 0 | 0 | 958,755 |
| Loan Forgiveness Grants | 0 | 206,885 | 3,120,652 |
| Sask Student Bursaries | 18,750,000 | 17,420,185 | 12,824,431 |
| Canada Study Grants | 3,300,000 | 4,032,966 | 2,412,821 |
| Sask Study Grants | 4,850,000 | 4,277,780 | 3,509,947 |
| Special Incentive Loan Remissions | 2,000,000 | 2,564,879 | 2,558,012 |
| Interest on Loans | 6,400,000 | 3,397,117 | 4,874,297 |
| Risk Premium | 1,055,000 | 1,241,510 | 2,710,633 |
| Loan Guarantee | 500,000 | 91,661 | 80,599 |
| Interest Relief Grants | 1,200,000 | 493,722 | 1,099,073 |
| Interest Write-Down Grants | 0 | 94 | 0 |
| Collection Costs | 600,000 | 330,180 | 427,124 |
| Special Opportunity Grants | 950,000 | 1,170,419 | 757,601 |
| Bursaries and Scholarships | 421,000 | 454,100 | 390,200 |
| | 40,026,000 | 35,681,498 | 35,724,145 |
| Excess (Shortfall) of Revenue Over Expenditure for the Period | $ (10,361,000) | (6,634,222) | 1,601,216 |
| Accumulated Surplus, Beginning of Period | | 26,099,609 | 24,498,395 |
| Accumulated Surplus, End of Period to Statement 1 | | $ 19,465,387 | $ 26,099,611 |

(See accompanying notes to financial statements)

Statement 3

## SASKATCHEWAN STUDENT AID FUND
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999<br>(Restated Note 9) |
|---|---|---|
| Cash Provided by (used in) Operating Activities: | | |
| (Shortfall) Excess of Revenue over Expenditure | ($ 6,634,222) | $ 1,601,216 |
| Change in Non-Cash Working Capital Items: | | |
| Decrease (increase) in Accrued Interest | 90,502 | (221,639) |
| (Increase) in Appropriation Due from General Revenue Fund | (4,100,000) | 0 |
| (Increase) decrease in Other Receivables | (165.209) | 176,751 |
| Decrease in Student Loans Receivable | 2,973.510 | 27,428,280 |
| (Decrease) increase in Due to Royal Bank of Canada | (5,149,263) | 5,700,166 |
| (Decrease) in Other Accounts Payable | (219,380) | (549,150) |
| Cash Provided by (used in) Operating Activities | (13,204,062) | 34,135,624 |
| Cash Provided by (used in) Financing Activities: | | |
| General Revenue Fund Loan Repayments | 0 | (24,182,553) |
| Net (Decrease) Increase in Due from General Revenue Fund | (13,204,062) | 9,953,071 |
| Due from General Revenue Fund, Beginning of Year | 57,570,441 | 47,617,370 |
| Due from General Revenue Fund, End of Period | $ 44,366,379 | $ 57,570,441 |

(See accompanying notes to financial statements)

# SASKATCHEWAN STUDENT AID FUND
# NOTES TO THE FINANCIAL STATEMENTS
### March 31, 2000

## 1. Authority

The Saskatchewan Student Aid Fund (the Fund) continued under *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to operate the Saskatchewan Student Assistance Program. The Department of Post-Secondary Education and Skills Training (the Department) administers the Fund and the Saskatchewan Student Assistance Program.

## 2. Description of the Program

Under the terms of the Saskatchewan Student Assistance Program, student loans are provided to qualifying individuals at interest rates prescribed by the Minister of Post-Secondary Education and Skills Training. They are interest-free while in full time studies. Loans become repayable and interest begins after a six-month "grace" period following discontinuance of studies or graduation.

Three new student debt reduction benefits were introduced for the 1998-99 loan year and are funded through the Fund. The Saskatchewan Student Bursary, which replaces the former Forgivable Loan Plan provides a bursary to all students with a need over $180 per week up to $275 per week. The Canada Study Grants and the Saskatchewan Study Grants provide grants to students with dependants to cover their need between $275 per week and $400 per week.

In May, 1999, the Province of Saskatchewan signed a ten year agreement with the Canada Millennium Scholarship Foundation. This agreement provides approximately $9.7 Million annually in millennium bursaries to approximately 3,800 Saskatchewan post-secondary students.

Special incentive loan remission grants available to high need disadvantaged students, Saskatchewan Student Bursaries and Canada/Saskatchewan Study Grants are granted to all borrowers who meet the requirements specified by the Saskatchewan Student Assistance Program Administrative Guidelines. If the value of grants exceed the student's loan balance, the excess is applied to their Canada Student Loans or paid to the qualifying borrower.

A Risk Sharing Student Loans Agreement (the Agreement) between the Department and the Royal Bank of Canada was signed March 12, 1996. This Agreement covers loans approved between August 1, 1996 and July 31, 2001. The Department retains responsibility for loan approval. Saskatchewan Student Loans approved in this period are financed by the Royal Bank. Students still at school, with existing loans, had their loan balances transferred to the Royal Bank when the Department approved their new loans. Loan disbursement, management and collection are done by the Royal Bank as detailed in the Agreement. The Fund pays a risk premium of 5% to the Royal Bank when loans become repayable.

The Department negotiated another agreement with the Royal Bank to transfer substantially all of the loans held by the Fund. This agreement came into effect on October 1, 1997 and remained in force until December 31, 1999. Borrowers who were not in default, had more than seven monthly payments still owing and were not on interest relief were eligible to be transferred. The Fund paid a risk premium of 5% to the Royal Bank when the balance of the loan was transferred. When a loan was transferred, any bad debt allowance relating to that loan was recovered. Borrowers will retain the rights associated with their loans (i.e. interest rate, repayment term and interest relief eligibility were transferred with the loan).

Debt reduction benefits, other than the Canada Millennium Bursaries, and costs associated with the interest-free period on lender-financed loans are paid by the Fund to the Royal Bank to be applied against student loan balances. The Canada Millennium Bursaries are funded by the Canada Millennium Scholarship Foundation and are applied against student loan balances.

For courses starting on or after August 1, 2000, the Province will no longer pay the interest that accrues during the six-month grace period after completing full time studies on provincial student loans. Currently, the Province pays this interest at prime rate to the Royal Bank on behalf of the students.

Many students taking out loans and/or interest-free benefits for courses starting on or after August 1, 2000 will also have taken out loans prior to August 1, 2000. These "continuing" students will lose their eligibility for this government interest payment on loans taken out prior to August 1, 2000 as well as on loans taken out on or after August 1, 2000.

The Student Aid Fund expensed an amount of money to cover the grace period interest on all loans previously issued. This accrual has been reduced for those loans of continuing students where the grace period on loans issued prior to August 1, 2000 will no longer be interest-free. This reduced commitment has been recognized at March 31, 2000.

## 3. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

### a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Student Loans Receivable

Student loans are carried at amounts advanced plus accrued interest. Interest commences six months following discontinuance of studies or graduation. Simple interest is charged on loans following the interest-free period. Payments on loans are first applied to interest, then to outstanding principal.

Loans are reduced by approved special incentive loan remissions and loan forgiveness grants.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

i) estimated uncollectible loans due to default on repayment, based on past collection experience; and
ii) estimated benefits to borrowers for interest relief.

## 4. Loans Held by Student Aid Fund

Loans held by the Fund consist of amounts owing by borrowers for loans granted in previous periods.

The Fund is exposed to credit-related losses in the event that borrowers default on repayment of the student loans. Credit risk represents the maximum amount at risk if the borrowers defaulted on their repayments. The Fund's credit risk on student loans receivable is represented by Gross Student Loans Receivable, end of year in Note 7.

The recorded allowance for uncollectible loans is $9,076,656 (1999 - $13,593,680). This allowance could reasonably be expected to fluctuate between $8,620,381 and $9,533,305 within the next twelve months (1999 - $12,720,696 to $14,467,365).

The Fund is also exposed to interest rate risk. Loans receivable have effective interest rates of 5.00% to 12.00% (1999 - 5.00% to 12.00%). Under *The Student Assistance and Student Aid Fund Regulations, 1990*, the Minister charges interest rates as set pursuant to the *Canada Student Loans Act*. Under this Act, each year in August, the Federal government sets the interest rates to be charged for students graduating during the next 12 months. This rate is based on average open market yield for the previous 6 months on mid-term (5-10 years) Government of Canada bonds plus 1%. At March 31, 2000, the rate was 6.25%. These loans were financed by the General Revenue Fund as described in Note 10. The loan balances and related interest rates are listed in the following schedule:

| Interest Rate | 2000<br>Total Balance | 1999<br>Total Balance |
|---|---|---|
| Less than 8.0% | $725,139 | $573,286 |
| 8.0%-8.9% | 6,243,687 | 9,248,201 |
| 9.0%-9.9% | 5,939,816 | 10,088,863 |
| 10.0%-10.9% | 614,147 | 1,032,874 |
| 11.0% or greater | 403,443 | 653,190 |
| Gross student loans receivable, end of year (Note 7) | $13,926,232 | $21,596,414 |

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, forgiveness, and remission grants, economic conditions, and the necessity to rely on the actions of a large number of individuals.

## 5. Interest Relief Grants

Interest relief grants are provided to borrowers in repayment who are unable to meet their repayment obligations due to financial hardship. Applicants are eligible for these grants for a maximum of 18 months.

## 6. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

## 7. Student Loans Receivable

| | | 2000 | 1999<br>(Restated Note 9) |
|---|---|---|---|
| | Loans outstanding, beginning of year | $21,596,414 | $56,605,316 |
| Add: | New loans during the year | 0 | 0 |
| | Interest earned on student loans | 1,206,447 | 2,426,191 |
| | Bad debts recovered | 750,274 | 780,986 |
| Deduct: | Loan repayments received | (3,380,867) | (8,038,295) |
| | Book value of loans transferred to the Royal Bank | (2,413,652) | (23,221,953) |
| | Amounts authorized to reduce loans | (52,273) | (284,739) |
| | Loans written off | (3,780,111) | (6,671,092) |
| | Gross student loans receivable, end of year | $13,926,232 | $21,596,414 |
| Deduct: | Allowance for interest relief | (179,693) | (359,341) |
| | Allowances estimated on prior year's experience: | | |
| | Allowance for uncollectible loans before recovery | (10,563,844) | (14,469,545) |
| | Less recovery of bad debt allowance | 1,487,188 | 875,865 |
| | Student loans receivable, end of year | $4,669,883 | $7,643,393 |

## 8. Due to Royal Bank of Canada

The Fund estimates amounts due to the Royal Bank. This estimate includes the following:

a. Interest Accrual

Currently, interest accruing on student loans is not paid by the borrower as long as they are in school or grace. The Fund pays this interest to the Royal Bank. The interest accrual is an estimate, based on the projected loan receivable balance and the projected market rate of interest. The estimated projected market rate of interest is 6.9% (1999 - 6.35%) and the estimated period students are in school or grace is two years. However, it is reasonable to expect the interest rate to fluctuate between 6.65% and 7.15% over the next 12 months (1999 - 6.1% to 6.6%). As identified in Note 2, the accrual has been reduced for those loans issued prior to August 1, 2000 where the grace period will no longer be interest-free.

b. Special Incentive Loan Remission and Loan Forgiveness Grant Accrual

The Fund will pay the Royal Bank expected future special incentive loan remission grants and any outstanding loan forgiveness grants.

c. Risk Premium Accrual

A risk premium is paid to the bank at the time the loan becomes repayable. The risk premium is equal to 5% of the total outstanding loan at the time the loan becomes repayable. The accrual is an estimate of future risk premiums for loans held by the Royal Bank. This estimate is calculated after considering possible future forgiveness, special incentive loan remission grants, bursaries, study grants and Canada Millennium Bursaries. This amount is not expected to fluctuate significantly within the next 12 months.

d. Loan Guarantee Accrual

The Fund guarantees loans in certain circumstances in the event of death or bankruptcy of the borrower. The amount paid to the bank is equal to the loan balance outstanding on the date of death or bankruptcy. This amount is not expected to fluctuate significantly within the next 12 months.

e. Interest Relief Accrual

Interest relief is paid to the bank at the lender prime rate of interest in effect at the time the borrower applies for relief. It is estimated that the interest relief accrual will be paid to the bank on behalf of applicants over a nine-year period. This amount is not expected to fluctuate significantly within the next 12 months.

In addition, Due to Royal Bank of Canada includes Saskatchewan Student Bursaries, Canada Study Grants and Saskatchewan Study Grants. The payables for Saskatchewan Student Bursaries and Saskatchewan Study Grants have been reduced by approximately $7.7 Million, which is a portion of the $9.7 Million received from the Canada Millennium Scholarship Foundation.

These accruals could reasonably be expected to fluctuate within the next 12 months as follows:

| | 2000 | | 1999 (Restated Note 9) |
|---|---|---|---|
| | Actual | Range of Accruals | Actual |
| Interest Accrual | $ 6,367,257 | $6,142,000 to $6,592,000 | $8,106,682 |
| Loan forgiveness grant accrual | 1,254,316 | 1,072,000 to 1,449,000 | 3,600,385 |
| Special incentive loan remission accrual | 2,989,144 | 2,556,000 to 3,452,000 | 2,490,840 |
| Risk premium accrual | 2,798,883 | n/a | 3,069,265 |
| Loan guarantee accrual | 325,000 | n/a | 365,000 |
| Interest relief accrual | 3,608,338 | n/a | 3,613,118 |
| | $17,342,938 | | $21,245,290 |
| Sask Student Bursaries | 11,486,434 | | 12,164,400 |
| Canada Study Grants | 2,694,004 | | 2,231,245 |
| Sask Study Grants | 2,225,310 | | 3,257,014 |
| Due to Royal Bank of Canada | $ 33,748,686 | | $38,897,949 |

## 9. Comparative Figures

Certain 1999 comparative figures have been reclassified to conform with the current year's presentation.

In addition, the 1998/99 estimate of amount Due to Royal Bank of Canada has been restated. The impact of the debt reduction benefits were not taken into account in the calculation of the Interest Accrual. The effect of the restatement is as follows:

| | 2000 | 1999 |
|---|---|---|
| Decrease in Due to Royal Bank | - | $(2,202,656) |
| Decrease in Interest on Loans | - | (656,571) |
| Increase in Accumulated Surplus, Beginning of Period | $2,202,656 | 1,546,085 |

## 10. General Revenue Fund Loan

Loans were obtained from the General Revenue Fund to finance loans to students. Interest accrues quarterly and was based on the General Revenue Fund's cost of borrowing. This loan was repaid in full on December 10, 1998.

## 11. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Department of Post-Secondary Education and Skills Training - General Revenue Fund. Accordingly, no provision for these costs is reflected in these financial statements. Costs for loans sent to collection agencies are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.

## 12. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

Deloitte & Touche

Deloitte & Touche LLP

## Auditors' Report

To the Board of
Saskatchewan Tourism Authority
o/a Tourism Saskatchewan

We have audited the balance sheet of Tourism Saskatchewan as at September 30, 1999 and the statements of operations, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 1999 and the results of its operations, cash flows and changes in net assets for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

November 2, 1999

# TOURISM SASKATCHEWAN

## Balance Sheet

**September 30, 1999**

| | 1999 | 1998 (As restated, see Note 12) |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Accounts receivable | $ 594,128 | $ 638,514 |
| GST receivable (Note 3) | 20,902 | 31,240 |
| Inventory | 251,909 | 166,503 |
| Prepaid expenses | 181,403 | 439,731 |
| | 1,048,342 | 1,275,988 |
| INVESTMENT - Athabasca book | 25,000 | 25,000 |
| CAPITAL ASSETS (Note 4) | 722,648 | 656,214 |
| | $ 1,795,990 | $ 1,957,202 |
| **LIABILITIES and NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Bank indebtedness (Note 5) | $ 698,126 | $ 250,162 |
| Accounts payable and accrued liabilities | 520,262 | 645,819 |
| Unearned revenue | 80,759 | 137,125 |
| Deferred grant contribution (Note 6) | 288,125 | - |
| Current portion of long term debt (Note 7) | 10,344 | 20,688 |
| | 1,597,616 | 1,053,794 |
| LONG TERM | | |
| Obligation under capital lease (Note 7) | - | 10,344 |
| | 1,597,616 | 1,064,138 |
| NET ASSETS | | |
| Net assets invested in capital assets | 712,304 | 625,182 |
| Unrestricted net assets (deficit) | (513,930) | 267,882 |
| | 198,374 | 893,064 |
| | $ 1,795,990 | $ 1,957,202 |

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

Director

Director

# TOURISM SASKATCHEWAN

## Statement of Operations

Year ended September 30, 1999

| | 1999 | 1998 (As restated, see Note 12) |
|---|---|---|
| **REVENUE** | | |
| Operating Grant - Province of Saskatchewan | $ 6,915,000 | $ 6,915,600 |
| Industry In-Kind Contributions (Note 2) | 2,762,423 | 1,336,108 |
| Partnership | 1,468,954 | 1,309,086 |
| Education and training (Note 8) | 1,120,108 | 954,472 |
| Advertising | 321,129 | 461,458 |
| Retail sales (Note 9) | 159,094 | 208,854 |
| Listings | 118,942 | 90,885 |
| Membership | 31,172 | 23,743 |
| Miscellaneous | 7,107 | 17,477 |
| Marketing blitzes | 6,481 | 13,103 |
| Interest | 5,727 | 25,308 |
| | 12,916,137 | 11,356,094 |
| **EXPENSES** | | |
| Administration (Schedule 1) | 1,271,094 | 1,012,214 |
| Education and training (Schedule 2) | 1,613,683 | 1,470,394 |
| Marketing and advertising (Schedule 3) | 8,536,744 | 6,569,448 |
| Membership and visitor services (Schedule 4) | 2,097,227 | 2,302,706 |
| Board and committees | 92,079 | 100,946 |
| | 13,610,827 | 11,455,708 |
| **Deficiency of Revenue over Expenses** | $ (694,690) | $ (99,614) |

See accompanying notes to financial statements.

# TOURISM SASKATCHEWAN
## Statement of Changes in Net Assets
### Year Ended September 30, 1999

| **NET ASSETS** | **Invested in capital assets** | **Unrestricted** | **1999 Total** | **1998 Total (As restated, see Note 12)** |
|---|---|---|---|---|
| **Balance, beginning of year** | $ 625,182 | $ 267,882 | $ 893,064 | $ 992,678 |
| Excess (deficiency) of revenue over expenses | (191,610) (1) | (503,080) | (694,690) | (99,614) |
| Investment in capital assets | 278,732 (2) | (278,732) | - | |
| **Balance, end of year** | $ 712,304 | $ (513,930) | $ 198,374 | $ 893,064 |

See accompanying notes to financial statements.

(1) Consists of:

| | |
|---|---|
| Depreciation expense | $ 191,610 |

(2) Consists of:

| | |
|---|---|
| Repayment of capital lease obligation | $ 20,688 |
| Purchase of capital assets with unrestricted resources | 258,044 |
| | $ 278,732 |

# TOURISM SASKATCHEWAN
## Statement of Cash Flows
### Year ended September 30, 1999

| | 1999 | 1998 (As restated, see Note 12) |
|---|---|---|
| **Cash from operating activities** | | |
| Excess (deficiency) of revenue over expenses | $ (694,690) | $ (99,614) |
| Depreciation, not requiring cash | 191,610 | 161,607 |
| | (503,080) | 61,993 |
| Net change in non-cash working capital items (Note 11) | 333,848 | (1,173,455) |
| **Net cash used in operating activities** | (169,232) | (1,111,462) |
| **Cash from investing activities** | | |
| Purchase of capital assets | (258,044) | (360,943) |
| Purchase of investment | - | (25,000) |
| Disposal of investments | - | 29,872 |
| **Net cash used in investing activities** | (258,044) | (356,071) |
| **Cash from financing activities** | | |
| Repayment of lease obligation | (20,688) | (19,186) |
| Repayment of loan payable | - | (20,688) |
| **Net cash used in financing activities** | (20,688) | (39,874) |
| **Net decrease in cash** | (447,964) | (1,507,407) |
| Cash (bank indebtedness), beginning of year | (250,162) | 1,257,245 |
| **Bank indebtedness, end of year** | $ (698,126) | $ (250,162) |

See accompanying notes to financial statements.

# TOURISM SASKATCHEWAN
## Notes to the Financial Statements
### Year Ended September 30, 1999

## 1. DESCRIPTION OF BUSINESS

The Saskatchewan Tourism Authority, operating as Tourism Saskatchewan (the "Authority"), was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

### a) *Revenue Recognition*

The Authority follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

The Authority approves marketing funding to industry partners on a project specific basis and contributes up to 50% of the overall marketing expenditures. Within these projects the Authority also recognizes the industry portion of the project contributions as partnership revenue.

### b) *Inventory*

Inventory is valued at the lower of cost and net realizable value.

### c) *Investment*

The investment is recorded at cost.

### d) *Capital Assets*

Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method at the following annual rates:

| | |
|---|---|
| Photo library | 10% |
| Furniture & equipment | 10% |
| Computer equipment | 33% |
| Central Reservation System | 13% |
| Leasehold improvements | 20% |
| Displays | 20% |

### e) *Unearned Revenue*

Advertising and listing amounts received, which are related to future publications, are recorded as unearned revenue.

# TOURISM SASKATCHEWAN

## Notes to the Financial Statements

**Year Ended September 30, 1999**

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

f) *Industry Contributions*

Goods and services provided to the Authority by industry partners at a discounted or complimentary rate to the organization are recognized at fair market value. The amounts are recorded as industry In-Kind Contributions revenue, offset by equivalent amounts allocated among the related expense categories.

g) *Income Taxes*

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

### 3. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 1999, the applicable rate was 70%. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

### 4. CAPITAL ASSETS

| | Cost | Accumulated Depreciation | Net Book Value 1999 | Net Book Value 1998 |
|---|---|---|---|---|
| Photo library | $ 258,801 | 36,472 | $ 222,329 | $ 95,331 |
| Furniture and equipment | 284,845 | 86,055 | 198,790 | 191,551 |
| Computer equipment | 317,440 | 225,062 | 92,378 | 101,868 |
| Central Reservation System | 212,765 | 77,358 | 135,407 | 162,003 |
| Leasehold improvements | 152,775 | 143,369 | 9,406 | 46,974 |
| Displays | 98,700 | 34,362 | 64,338 | 58,487 |
| | $ 1,325,326 | $ 602,678 | $ 722,648 | $ 656,214 |

### 5. BANK INDEBTEDNESS

The Authority has access to the following operating line of credit limits, repayable on demand with interest paid monthly at the TD Bank prime rate.

| | |
|---|---|
| Base operating limit | $ 500,000 |
| Incremental (available to December 31, 1999) | $ 300,000 |

### 6. DEFERRED GRANT CONTRIBUTION

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Economic and Co-operative Development. Pursuant to the $6,915,000 annual funding agreement, the payment schedule was revised during the year. The transition to the revised payment schedule resulted in an accelerated payment of $288,125 being received before the Authority's fiscal year end. The receipt has been deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

# TOURISM SASKATCHEWAN
## Notes to the Financial Statements
**Year Ended September 30, 1999**

### 7. LONG TERM LIABILITIES

| | 1999 | 1998 |
|---|---|---|
| ***Obligation Under Capital Lease*** | | |
| Central Reservation System lease, 36 month term, expiring February 1, 2000 with monthly lease payments of $1,807, including taxes. | $ 10,344 | $ 31,032 |
| Less due within one year | (10,344) | (20,688) |
| | $ - | $ 10,344 |

***Leasehold Improvement Loan***

The Authority has entered into a 10-year lease agreement to relocate its Regina office commencing January 1, 2000. Subsequent to the year-end, the Authority is obtaining a leasehold improvement loan, to a maximum of $470,000, from its new Landlord. The leasehold improvement loan will be amortized over 10 years at the rate of 8.5% per annum, payable in estimated monthly instalments of $5,791 including interest, commencing January 1, 2000.

### 8. INDUSTRY CONTRIBUTIONS

Industry contributions not reflected in the financial statements amount to $223,939 ($156,508 in 1998) based upon management's figures submitted to the Canadian Tourism Human Resource Council (CTHRC). This amount relates to goods and services provided to training participants by industry partners at no cost for training and education initiatives under the CTHRC program.

### 9. RETAIL SALES

Retail sales are shown net of cost of goods sold of $88,190 ($99,066 in 1998).

### 10. COMMITMENTS

***Leases***

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Information Centres at various locations in the province. The future minimum lease payments are as follows:

| | |
|---|---|
| 2000 | $ 251,818 |
| 2001 | 257,141 |
| 2002 | 257,229 |
| 2003 | 257,229 |
| 2004 | 218,627 |

# TOURISM SASKATCHEWAN
## Notes to the Financial Statements
### Year Ended September 30, 1999

## 10. COMMITMENTS (Continued)

*Partnership Marketing Fund*

The Authority has entered into contracts with the tourism regions to provide funds for eligible marketing activities to be carried out subsequent to the year-end. The maximum amount remaining to be paid out pursuant to these contracts and subject to the regions incurring eligible marketing expenditures by November 30, 1999 is $38,000.

## 11. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

| | 1999 | 1998 (As restated, see Note 12) |
|---|---|---|
| Accounts receivable | $ 44,386 | $ (158,202) |
| GST receivable | 10,338 | 3,200 |
| Inventory | (85,406) | (129,223) |
| Prepaid expenses | 258,328 | (227,554) |
| Accounts payable and accrued liabilities | (125,557) | (79,652) |
| Unearned revenue | (56,366) | (582,024) |
| Deferred grant contribution | 288,125 | - |
| | $ 333,848 | $ (1,173,455) |

## 12. RESTATEMENT OF PRIOR YEAR'S RESULTS

In 1999, errors relating to the reporting of Partnership Marketing Fund expense were identified. As a result, the 1998 Partnership Marketing Fund expense (Schedule 3) was understated by $136,000 and results have been restated to properly report this expense.

On the 1998 statement of operations, the marketing and advertising expense has been increased by $136,000. On the 1998 balance sheet, accounts payable and accrued liabilities have been increased by, and unrestricted net assets have been reduced by $136,000. On the 1998 statement of cash flows, net change in non-cash working capital items has been increased by $136,000.

## 13. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

# TOURISM SASKATCHEWAN
## Notes to the Financial Statements
**Year Ended September 30, 1999**

### 14. COMPARATIVE FIGURES

Certain of prior year's comparative figures have been reclassified to conform to the current year's presentation.

# TOURISM SASKATCHEWAN
## Schedule of Administration Expenses
**Year ended September 30, 1999** **Schedule 1**

| | 1999 | 1998 |
|---|---|---|
| Bad debts | $ 26,649 | $ 9,180 |
| Building rental | 41,358 | 36,263 |
| Depreciation | 19,103 | 17,567 |
| Equipment rental | 21,025 | 8,743 |
| Insurance | 10,674 | 8,984 |
| Interest and bank charges | 28,642 | 10,655 |
| Legal | 12,362 | 5,466 |
| Miscellaneous | 2,737 | - |
| Postage | 24,139 | 21,030 |
| Professional services | 89,867 | 109,234 |
| Repairs and maintenance | 1,950 | 4,773 |
| Salaries and benefits | 865,218 | 639,766 |
| Stationery and supplies | 22,356 | 33,925 |
| System consulting/development | 44,296 | 49,648 |
| Telephone | 17,304 | 15,546 |
| Travel costs | 43,414 | 41,434 |
| | $ 1,271,094 | $ 1,012,214 |

See accompanying notes to financial statements.

# TOURISM SASKATCHEWAN

## Schedule of Education and Training Expenses

**Year ended September 30, 1999** **Schedule 2**

| | 1999 | 1998 |
|---|---|---|
| Building rental | $ 62,036 | $ 54,396 |
| Depreciation | 28,654 | 26,351 |
| Professional services | 378,501 | 222,696 |
| Salaries and benefits | 591,467 | 436,058 |
| STEC training costs | 479,250 | 606,453 |
| Travel costs | 73,775 | 124,440 |
| | $ 1,613,683 | $ 1,470,394 |

See accompanying notes to financial statements.

# TOURISM SASKATCHEWAN

## Schedule of Marketing and Advertising Expenses

**Year ended September 30, 1999** **Schedule 3**

| | 1999 | 1998 (As restated, see Note 12) |
|---|---|---|
| Association and professional dues | $ 16,799 | $ 18,817 |
| Audio visual supplies | 9,951 | 15,514 |
| Building rental | 67,206 | 58,929 |
| Communication production | 220,425 | 142,267 |
| Courier and freight | 46,215 | 62,626 |
| Depreciation | 43,983 | 33,843 |
| Events | 139,894 | 130,414 |
| Media placement | 4,533,863 | 2,874,599 |
| Partnership Marketing Fund | 1,016,205 | 1,136,685 |
| Postage | 31,271 | 21,030 |
| Professional services | 490,448 | 318,749 |
| Promotional items | 121,115 | 61,616 |
| Salaries and benefits | 1,138,194 | 985,885 |
| Subscriptions and reference material | 4,367 | 4,747 |
| Telephone | 29,019 | 25,452 |
| Travel costs | 177,235 | 279,662 |
| Travel show costs | 150,850 | 120,642 |
| Travel, other | 299,704 | 277,971 |
| | $ 8,536,744 | $ 6,569,448 |

See accompanying notes to financial statements.

# TOURISM SASKATCHEWAN

## Schedule of Membership and Visitor Services Expenses

**Year ended September 30, 1999** **Schedule 4**

| | 1999 | 1998 |
|---|---|---|
| Building rental | $ 156,558 | $ 186,061 |
| Depreciation | 99,870 | 83,844 |
| Postage | 268,142 | 240,284 |
| Printing, publishing and duplication | 210,386 | 182,312 |
| Professional services | 83,725 | 107,847 |
| Salaries and benefits | 721,087 | 751,693 |
| Telephone | 72,056 | 87,981 |
| Travel costs | 11,781 | 21,841 |
| Travel literature | 473,622 | 640,843 |
| | $ 2,097,227 | $ 2,302,706 |

See accompanying notes to financial statements.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Western Development Museum as at March 31, 2000 and the statements of operations and net assets, and cash flows for the year then ended. The Museum's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Museum as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 19, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Cash | $ 783,329 | $ 361,367 |
| Accounts receivable & accrued interest | 30,332 | 24,908 |
| Inventory & prepaid expenses | 167,506 | 221,920 |
| | 981,167 | 608,195 |
| Investments (Notes 6 and 7) | 90,500 | 90,500 |
| Capital assets (Note 4) | 7,365,151 | 7,690,862 |
| | $ 8,436,818 | $ 8,389,557 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 126,387 | $ 124,661 |
| Net Assets (Statement 2) | | |
| Unrestricted net assets | | |
| General operating account | 82,553 | 12,480 |
| Restricted net assets | | |
| Internally restricted funds (Schedule 2) | 248,811 | 248,478 |
| Investment in capital assets | 7,365,151 | 7,690,862 |
| Externally restricted funds (Schedule 1) | 613,916 | 313,076 |
| | 8,310,431 | 8,264,896 |
| | $ 8,436,818 | $ 8,389,557 |

(See accompanying notes to the financial statements)

Statement 2

# SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
## STATEMENT OF OPERATIONS AND NET ASSETS
### Year Ended March 31

| | General Operating Funds | | | | | Restricted Funds | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Operating Budget 2000 (Note 8) | General Operating Account 2000 | Internally Restricted Funds 2000 | Total 2000 | Total 1999 | Capital Assets Fund 2000 | Externally Restricted Funds 2000 | Total 2000 | Total 1999 |
| Revenue: | | | | | | | | | |
| SELF-GENERATED | | | | | | | | | |
| Rentals, concessions and souvenir sales | $ 938,700 | $ 979,540 | $ — | $ 979,540 | $ 990,204 | $ — | $ — | $ — | $ — |
| Less: cost of sales | 873,400 | 834,087 | — | 834,087 | 924,081 | — | — | — | — |
| Gross profit | 65,300 | 145,453 | — | 145,453 | 66,123 | — | — | — | — |
| Admissions | 352,400 | 346,100 | — | 346,100 | 345,660 | — | — | — | — |
| Donations | — | 12,656 | 48,011 | 60,667 | 65,787 | — | 83,004 | 83,004 | 70,818 |
| Interest earned | — | 12,992 | 5,123 | 18,115 | 22,607 | — | — | — | — |
| Other income | 47,500 | 68,159 | 15,878 | 84,037 | 90,229 | — | 6,660 | 6,660 | 12,325 |
| TOTAL SELF-GENERATED | 465,200 | 585,360 | 69,012 | 654,372 | 590,406 | — | 89,664 | 89,664 | 83,143 |
| GRANTS | | | | | | | | | |
| Department of Municipal Affairs, Culture and Housing | | | | | | | | | |
| - operating grants | 1,810,000 | 1,810,000 | — | 1,810,000 | 1,760,000 | — | — | — | — |
| - capital grants | — | — | — | — | — | — | 284,090 | 284,090 | — |
| - employment grants | — | 42,902 | — | 42,902 | 950 | — | — | — | — |
| New Careers Corporation | | | | | | | | | |
| - employment grants | — | — | — | — | 35,801 | — | — | — | — |
| Canada Employment Centre | | | | | | | | | |
| - employment grants | 4,500 | 14,492 | — | 14,492 | 17,492 | — | — | — | — |
| Other | — | 4,500 | — | 4,500 | 16,055 | — | — | — | — |
| TOTAL GRANTS | 1,814,500 | 1,871,894 | — | 1,871,894 | 1,830,298 | — | 284,090 | 284,090 | — |
| TOTAL REVENUE | 2,279,700 | 2,457,254 | 69,012 | 2,526,266 | 2,420,704 | — | 373,754 | 373,754 | 83,143 |
| EXPENSES: | | | | | | | | | |
| Salaries and benefits | 1,492,100 | 1,558,815 | 16,812 | 1,575,627 | 1,520,209 | | 2,626 | 2,626 | 9,282 |
| Building maintenance and utilities | 350,000 | 330,311 | 6,974 | 337,285 | 343,429 | | 12,394 | 12,394 | 8,924 |
| General and administrative | 168,000 | 161,793 | 14,836 | 176,629 | 168,940 | | 4,001 | 4,001 | 1,835 |
| Amortization of capital assets | — | — | — | — | — | 355,564 | — | 355,564 | 349,313 |
| Promotions and publicity | 253,700 | 263,321 | 1,653 | 264,974 | 269,760 | | 2,509 | 2,509 | 3,159 |
| Exhibits and collections | 69,700 | 43,486 | 15,455 | 58,941 | 65,746 | | 52,647 | 52,647 | 21,754 |
| Winning the Prairie Gamble | — | — | 11,288 | 11,288 | 147,569 | | — | — | — |
| TOTAL EXPENSES | 2,333,500 | 2,357,726 | 67,018 | 2,424,744 | 2,515,653 | 355,564 | 74,177 | 429,741 | 394,267 |
| Excess of revenue over expenses (expenses over revenue) | $(53,800) | 99,528 | 1,994 | 101,522 | (94,949) | (355,564) | 299,577 | (55,987) | (311,124) |
| Net assets, beginning of year | | 12,480 | 248,478 | 260,958 | 335,666 | 7,690,862 | 313,076 | 8,003,938 | 8,335,303 |
| Interfund transfers | | | | | | | | | |
| other transfers | | (11,317) | 11,317 | — | — | — | — | — | — |
| to transfer paving fund | | — | — | — | 338,276 | — | — | — | (338,276) |
| to purchase capital assets | | (5,146) | (12,978) | (18,124) | (298,790) | 29,853 | (11,729) | 18,124 | 298,790 |
| to transfer interest | | (12,992) | — | (12,992) | (19,245) | — | 12,992 | 12,992 | 19,245 |
| Net assets, end of year | | $ 82,553 | $ 248,811 | $ 331,364 | $ 260,958 | $ 7,365,151 | $ 613,916 | $ 7,979,067 | $ 8,003,938 |

(See accompanying notes to the financial statements)

**Statement 3**

# SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | Operating Fund | Restricted Funds | Total 2000 | Total 1999 |
|---|---|---|---|---|
| **Operating activities:** | | | | |
| Cash from (used in) operating activities: | | | | |
| Excess of revenue over expenses (expenses over revenue) | $ 101,522 | $ (55,987) | $ 45,535 | $ (406,073) |
| Add back items not requiring cash: | | | | |
| Amortization | — | 355,564 | 355,564 | 349,313 |
| | 101,522 | 299,577 | 401,099 | (56,760) |
| Changes in non-cash working capital items: | | | | |
| (Increase) decrease in investments | — | — | — | 50,000 |
| (Increase) decrease in accounts receivable and accrued interest | (5,424) | — | (5,424) | 622,562 |
| (Increase) decrease in inventory and prepaid expenses | 54,414 | — | 54,414 | 29,871 |
| (Decrease) increase in interfund balance | 300,840 | (300,840) | — | — |
| (Decrease) increase in accounts payable | 1,726 | — | 1,726 | (119,115) |
| | 351,556 | (300,840) | 50,716 | 583,318 |
| | 453,078 | (1,263) | 451,815 | 526,558 |
| **Investing activities:** | | | | |
| Cash from (used in) investing activities: | | | | |
| Acquisition of capital assets | (18,124) | (11,729) | (29,853) | (349,437) |
| | (18,124) | (11,729) | (29,853) | (349,437) |
| Net (decrease) increase in cash position | 434,954 | (12,992) | 421,962 | 177,121 |
| Cash, beginning of year | 361,367 | — | 361,367 | 184,246 |
| Interfund transfers | (12,992) | 12,992 | — | — |
| Cash, end of year | $ 783,329 | $ — | $ 783,329 | $ 361,367 |

(See accompanying notes to the financial statements)

# SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Status

The Western Development Museum Board is continued under *The Western Development Museum Act*. The primary purpose of the Board is to procure objects of historical value and importance to the economic and cultural development of Western Canada and to collect, preserve, restore and exhibit the objects to the public. The Act also established The Western Development Museum Fund, through which all of the Board's financial transactions are conducted.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The significant accounting policies are as follows:

a) Fund Accounting

The Museum follows the restricted fund method of accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

i) Operating Fund

The operating fund reflects the primary operations of the Museum. This includes operating and employment grants, admission revenue and rental, concession and souvenir sales. Expenses are for the delivery of these services. This fund reports unrestricted and internally restricted resources.

ii) Restricted Funds

The restricted fund reports the total activity of several separately identifiable restricted funds. The revenues of these individual restricted funds are externally restricted by private individuals or groups that specify how these funds are to be used. Expenses of the restricted fund reflect the costs incurred by the Museum for these projects. The individual restricted funds are:

Restoration Projects Fund

In accordance with donor-imposed restrictions, the net assets of this fund are used to further certain restoration projects.

Artifact Fund

In accordance with a code of professional conduct for museums, all proceeds from the sale of artifacts are used to purchase additional artifacts or strengthen current collections. This fund contains net proceeds from the sale of artifacts.

George Shepherd Library Fund

In 1981, the family of George Shepherd restricted the interest earned off their contribution to be used to augment the George Shepherd Library. Subsequent donors have also imposed this restriction on their donations.

Display Fund

In accordance with a 1983 agreement with Saskatchewan Lotteries Trust Fund for Sports, Culture and Recreation (Sask Lotteries), the net assets of this fund are used to purchase, renovate and upgrade the Museum's accommodations.

Conservation Laboratory Fund

In accordance with donor-imposed restrictions, the net assets of this fund are used to develop and equip a conservation laboratory.

Capital Fund

The capital fund reflects the equity of the Museum in capital assets. The capital fund includes revenue designated for the acquisition of capital assets. Expenses consist primarily of amortization of capital assets.

b) Capital Assets and Amortization

Capital assets costing more than $500 are recorded at cost net of accumulated amortization. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Office furniture and equipment | 10% - 10 years |
| Computer equipment and software | 20% - 5 years |
| Shop and automotive equipment | 10% - 10 years |
| Buildings | 2.5% - 40 years |

c) Revenue

Grants and contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Interest revenue that is not externally restricted is recorded as revenue in the operating fund. Interfund transfers allocate the interest earnings to the various internally and externally restricted funds based on each fund's proportionate share of combined net assets.

d) Inventory

Merchandise inventories are valued at the lower of cost and net realizable value.

e) Investments

Investments are recorded at cost which approximates fair value.

f) Donated materials and services

The value of donated materials and services is not recorded.

g) Artifacts

Artifact acquisitions are expensed in the year of purchase. Normal maintenance, restoration and repairs of the Museum's collection of artifacts are expensed as incurred.

## 3. Artifacts

The Museum displays its collection of artifacts at its four branches in Saskatchewan. These locations are North Battleford, Moose Jaw, Saskatoon, and Yorkton.

Each of the branches tells a Saskatchewan story from a unique perspective. They are: The Story of Agriculture at North Battleford; The History of Transportation at Moose Jaw; Industry and Commerce at Saskatoon; and The Story of People at Yorkton.

The Museum is well known for its collection of agricultural equipment and transportation artifacts that were used in the development of Saskatchewan. In addition, the collection contains domestic and commercial artifacts, clothing and textiles, and a wide variety of artifacts relating to life in Saskatchewan. A portion of the collection is used for demonstration of farm technology, pioneer skills and crafts.

## 4. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 155,900 | $ --- | $ 155,900 | $ 155,900 |
| Office furniture & equipment | 552,549 | 417,667 | 134,882 | 143,516 |
| Shop furniture & equipment | 440,495 | 399,421 | 41,074 | 51,496 |
| Automotive equipment | 179,780 | 163,963 | 15,817 | 19,980 |
| Building | 11,718,316 | 4,786,644 | 6,931,672 | 7,224,630 |
| Snowbirds Theatre and Gallery | 498,784 | 412,978 | 85,806 | 95,340 |
| | $ 13,545,824 | $ 6,180,673 | $ 7,365,151 | $ 7,690,862 |

## 5. Leases

The museums operated by the Board are situated on leased land. The Saskatoon, Moose Jaw and Yorkton properties are leased from the respective city for $1 per year. These leases expire in 2021, 2025, and 2019 respectively. The North Battleford property is leased from Saskatchewan Property Management Corporation for $1 per year. This lease expires in 2020. It is not practicable to estimate the fair value of the leases. Accordingly, contributions in respect of these facilities are not recognized in the financial statements.

## 6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Museum by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are as follows:

| | 2000 | 1999 |
|---|---|---|
| Financial statement category: | | |
| Salaries and benefits | $ 201,780 | $ 174,456 |
| Building maintenance & utilities | 168,070 | 178,167 |
| Cost of sales | 18,667 | 19,009 |

In addition, the Museum pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Investments consist of Saskatchewan Savings Bonds of $90,500 (1999- $90,500). Of this balance, $50,000 matures in 2002. The remaining $40,500 matures on July 15, 2004 and bears interest annually at 5.00%. These bonds are sold to Saskatchewan residents only and are not publicly traded. They are redeemable annually on July 15 at their face value by the registered owner.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

## 7. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. The terms and conditions for investments are disclosed in Note 6.

b) Credit risk and interest rate risk

The Museum is exposed to minimal credit risk from the potential non-payment of accounts receivable. Also, the Museum is exposed to minimal interest rate risk because its investments can be redeemed annually.

c) Fair value

The carrying amounts of cash, investments, accounts receivable and accrued interest, and accounts payable and accrued liabilities approximate fair value.

## 8. Budget for Operations

The 1999/00 budget was approved by the Board on June 18, 1999.

## 9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Schedule 1

# SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
## SCHEDULE OF EXTERNALLY RESTRICTED FUNDS
## Year Ended March 31, 2000

| | Balance March 31, 1999 | Capital Grants | Donations Revenue | Other Revenue | Expenses | Interest Transfers | Capital Asset Transfers | Balance March 31, 2000 |
|---|---|---|---|---|---|---|---|---|
| Restoration Projects Fund | $ 100,324 | — | $ 37,039 | $ 3,918 | $ (29,549) | $ 3,507 | $ (8,220) | $ 107,019 |
| Artifact Fund | 129,436 | — | — | — | (2,082) | 6,266 | — | 133,620 |
| George Shepherd Library Fund | 6,846 | — | 75 | — | (405) | 260 | (1,859) | 4,917 |
| Display Fund | 70,182 | — | 212 | 1,387 | — | 2,358 | — | 74,139 |
| North Battleford Dairy Building | 1,156 | — | — | — | (974) | 26 | — | 208 |
| Streetcar | — | — | 15,020 | — | (13,614) | 80 | — | 1,486 |
| RNWMP | — | — | 30,658 | 1,355 | (18,086) | 338 | — | 14,265 |
| Moose Jaw Building | — | 284,090 | — | — | (9,090) | — | — | 275,000 |
| Conservation Laboratory Fund | 5,132 | — | — | — | (377) | 157 | (1,650) | 3,262 |
| Externally restricted | $ 313,076 | $ 284,090 | $ 83,004 | $ 6,660 | $ (74,177) | $ 12,992 | $ (11,729) | $ 613,916 |

**Schedule 2**

## SASKATCHEWAN WESTERN DEVELOPMENT MUSEUM
## SCHEDULE OF INTERNALLY RESTRICTED FUNDS
### For the Year Ended March 31, 2000

| | Reserve Fund | Membership Fund | Branch Building Fund | Winning the Prairie Gamble Fund | Grounds Upgrading | Other Funds | Total |
|---|---|---|---|---|---|---|---|
| Revenue: | | | | | | | |
| Interest revenue | 86 | 730 | 715 | (1,278) | 4,757 | 113 | 5,123 |
| Donations revenue | — | 32,533 | 12,169 | 1,250 | — | 2,059 | 48,011 |
| Other revenue | 7,546 | — | 7,221 | — | — | 1,111 | 15,878 |
| Total revenue | 7,632 | 33,263 | 20,105 | (28) | 4,757 | 3,283 | 69,012 |
| Expenses | 15,780 | 26,272 | 9,857 | 11,289 | (277) | 4,097 | 67,018 |
| Excess of revenue over expenses (expenses over revenue) | (8,148) | 6,991 | 10,248 | (11,317) | 5,034 | (814) | 1,994 |
| Fund balance, beginning of year | $ 18,638 | $ 24,150 | $ 21,656 | $ — | $ 180,364 | $ 3,670 | $ 248,478 |
| Interfund transfers | | | | | | | |
| Capital transfers | — | (8,872) | (4,106) | — | — | — | (12,978) |
| Other transfers | — | — | — | 11,317 | — | — | 11,317 |
| Fund balance, end of year | $ 10,490 | $ 22,269 | $ 27,798 | $ — | $ 185,398 | $ 2,856 | $ 248,811 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Training Completions Fund as at March 31, 2000 and the statement of revenue, expenditure, surplus and fund balance for the year then ended. The Training Completions Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Training Completions Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 5, 2000

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# Training Completions Fund
## Balance Sheet
## as at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Due from General Revenue Fund (Note 4) | 195,011 | 115,954 |
| Accounts Receivable | 275 | 0 |
| | 195,286 | 115,954 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities:** | | |
| Accounts Payable | 2,520 | 0 |
| Fund balance (Statement 2) | 192,766 | 115,954 |
| | 195,286 | 115,954 |

(See accompanying notes to the financial statements)

Statement 2

## Training Completions Fund
## Statement of Revenue, Expenditure, Surplus and Fund Balance
## as at March 31

| | 2000 | 1999 |
|---|---|---|
| **REVENUE:** | | |
| Contributions | 68,936 | 37,207 |
| Interest Income | 7,876 | 4,950 |
| Total revenue | 76,812 | 42,157 |
| **EXPENDITURES:** | 0 | 0 |
| **SURPLUS:** | 76,812 | 42,157 |
| Fund balance, beginning of year | 115,954 | 73,797 |
| Fund balance, end of year (Statement 1) | 192,766 | 115,954 |

(See accompanying notes to the financial statements)

# TRAINING COMPLETIONS FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Purpose and Creation of the Fund

The Private Vocational Schools Training Completions Fund (Fund) was created under the *Private Vocational Schools Regulation Act, 1995.* The act was proclaimed on December 15, 1995.

The Fund is administered by the Department of Post-Secondary Education and Skills Training. The revenue of the Fund consists of monies that operators are directed by regulations to provide, donations to the Fund and earnings from the investments of the Fund. The Fund is primarily to be used to provide the financial resources necessary to continue the training of students affected by the closure of a school.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policy is considered significant.

a) Accrual basis

The financial statements are prepared on the accrual basis of accounting.

## 3. Related Party Transactions

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department.

## 4. Due From General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund. Under this arrangement, interest is calculated on the net position of the Training Completions Fund.

The Fund's interest is received from the General Revenue Fund on a quarterly basis using the Government's thirty day borrowing rate.

## 5. Fair Value

Accounts receivable and accounts payable are short-term in nature and as such carrying value approximates fair value.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Transportation Partnerships Fund as at March 31, 2000 and the statements of revenue, expenditure and net assets and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Partnerships Fund as at March 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
January 8, 2001

Statement 1

## TRANSPORTATION PARTNERSHIPS FUND
## STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Due from General Revenue Fund (Note 3) | $ 1,702,178 | $ 818,042 |
| Accounts Receivable | $ 526,219 | $ 315,339 |
| | $ 2,228,397 | $ 1,133,381 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts Payable | $ 9,202 | $ 100,907 |
| Net Assets (Statement 2) | 2,219,195 | 1,032,474 |
| | $ 2,228,397 | $ 1,133,381 |

(See accompanying notes to financial statements)

Statement 2

## TRANSPORTATION PARTNERSHIPS FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
For The Year Ending March 31

| | 2000 | 1999 |
|---|---|---|
| Revenue | | |
| Transportation Partnerships Agreement Revenues | $ 1,265,299 | $ 1,016,836 |
| Sale of Technology | 12,000 | - |
| Interest Revenue (Note 3) | 61,994 | 57,177 |
| Total Revenue | $ 1,339,293 | $ 1,074,013 |
| Expenditure | | |
| Highway Improvement Projects | $ 64,372 | $ 823,703 |
| R & D Costs | 3,973 | - |
| Technology Manufacturing Costs | $ 9,202 | - |
| Administrative Expenses (Note 4) | 75,025 | 100,000 |
| Bad Debt Expense | - | 34,443 |
| Total Expenditure | $ 152,572 | $ 958,146 |
| Surplus for the year | $ 1,186,721 | $ 115,867 |
| Net Assets, beginning of year | 1,032,474 | 916,607 |
| Net Assets, end of year (Statement 1) | $ 2,219,195 | $ 1,032,474 |

(See accompanying notes to financial statements)

Statement 3

## TRANSPORTATION PARTNERSHIPS FUND
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash Receipts From Transportation Companies | $ 1,088,026 | $ 1,117,270 |
| Interest Received | 40,388 | 57,177 |
| Cash Paid For Highway Improvement Projects | (64,372) | (1,310,807) |
| Cash Paid For R & D Initiatives | (3,973) | - |
| Cash Paid to R.M. Shareables | (908) | - |
| Cash Paid For Administration | (175,025) | (64,400) |
| Net (decrease)increase in cash | 884,136 | (200,760) |
| Due From General Revenue Fund, beginning of year | 818,042 | 1,018,802 |
| Due From General Revenue Fund, end of year | $ 1,702,178 | $ 818,042 |

(See accompanying notes to financial statements)

# TRANSPORTATION PARTNERSHIPS FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority and Definition of Entity

The Transportation Partnerships Fund was established effective July 1, 1997 pursuant to Section 8 of *The Highways and Transportation Act, 1997*. The purpose of the Fund is to generate revenues to be used for highway improvement projects. The Transportation Partnerships Fund generates revenues subject to the terms of trucking partnership agreements, in which the transportation companies pay the Fund a portion of cost savings achieved from being permitted to haul overweight and/or over dimension loads. Additional revenues are raised through the marketing of transportation related technology and expertise.

### 2. Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

b) Cash and cash equivalents consist of amounts on deposit with the General Revenue Fund.

### 3. Due from General Revenue Fund

The monies of the Transportation Partnerships Fund are deposited in the General Revenue Fund. Under this arrangement, earned interest is calculated and paid by the General Revenue Fund on the net position of the Transportation Partnerships Fund on a quarterly basis using the Government's thirty day borrowing rate and the Transportation Partnerships Fund's average daily bank account balance. The effective interest rate in the year was 5.08% (1999 – 5.04%).

### 4. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related as they are controlled by the Government. These financial statements include transactions with other Government agencies. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

During the year, the Fund was charged $75,025 (1999 - $100,000) for salary and administrative services by the Department of Highways and Transportation General Revenue Fund.

Accounts payable consist of $9,202 (1999 - $0) due to the Highways Revolving Fund.

Transportation Partnerships Agreement Revenues include $122,678 (1999 - $129,964), from SaskPower, a related party, pursuant to a transportation partnership agreement between the Fund and SaskPower. At year-end SaskPower owed the Fund $32,852 (1999 - $30,000).

The Fund earned interest income of $61,994 (1999 - $57,177) on monies deposited in the General Revenue Fund. At year-end, the Fund had monies deposited in the General Revenue Fund totaling $1,702,178 (1999 - $818,042).

## 5. Comparison of Planned and Actual Results

| | Budget | Actual | Variance |
|---|---|---|---|
| **REVENUE** | | | |
| Transportation Partnership Agreements | $ 930,000 | $1,265,299 | $ 335,299 |
| Other Revenue | 10,000 | 12,000 | 2,000 |
| Interest Revenue | 30,000 | 61,994 | 31,994 |
| | 970,000 | 1,339,293 | 369,293 |
| **EXPENDITURES** | | | |
| Road Expenditure---64,372(64,372) | | | |
| Other Transportation Initiatives | 112,000 | 13,175 | 98,825 |
| Administrative Expenses | 131,500 | 75,025 | 56,475 |
| | 243,500 | 152,572 | 90,928 |
| **SURPLUS (DEFICIT) FOR THE YEAR** | $ 726,500 | $1,186,721 | $ 460,221 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Regina Crown Foundation as at April 30, 1999 and the statement of operations and changes in net assets for the year then ended. The University of Regina Crown Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University of Regina Crown Foundation as at April 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
June 9, 1999

Wayne Strelioff, CA
Provincial Auditor

Statement 1

## UNIVERSITY OF REGINA CROWN FOUNDATION
## STATEMENT OF FINANCIAL POSITION
As at April 30

| | 1999 | 1998 |
|---|---|---|
| Assets | | |
| Cash | $ NIL | $ NIL |
| Net assets (Statement 2) | $ NIL | $ NIL |

On behalf of the Board of Trustees

Chairperson of the Board

for Secretary of the Board

(See accompanying notes to the financial statements)

Statement 2

## UNIVERSITY OF REGINA CROWN FOUNDATION
## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
For the year ended April 30

| | 1999 | 1998 |
|---|---|---|
| Revenues | | |
| Donations | $ NIL | $ NIL |
| Interest income | NIL | 564 |
| | NIL | 564 |
| Expenses | | |
| Disbursements to the University of Regina | NIL | 117,730 |
| (Deficiency) of revenues over expenses | NIL | (117,166) |
| Net assets, beginning of year | NIL | 117,166 |
| Net assets, end of year - to Statement 1 | $ NIL | $ NIL |

(See accompanying notes to the financial statements)

# UNIVERSITY OF REGINA CROWN FOUNDATION
# NOTES TO THE FINANCIAL STATEMENTS
## April 30, 1999

## 1. Authority

The University of Regina Crown Foundation is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University of Regina for the purpose of supporting and promoting its education or research activities.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

## 3. Related Party Transactions

Saskatchewan Crown controlled departments and agencies are related to the Foundation.

The University of Regina is also related to the Foundation through representation on the Foundation's Board of Trustees. The University of Regina provides management services to the Foundation without charge, therefore, no provision for such costs is reflected in these financial statements.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the University of Saskatchewan Crown Foundation as at April 30, 1999 and the statements of operations and changes in net assets and of cash flows for the year ended April 30, 1999. The University of Saskatchewan Crown Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the University of Saskatchewan Crown Foundation as at April 30, 1999 and the results of its operations and the changes in its financial position for the year ended April 30, 1999 in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
September 3, 1999

Wayne Strelioff, CA
Provincial Auditor

Statement 1

## UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
## STATEMENT OF FINANCIAL POSITION
As at April 30

| | 1999 | 1998 |
|---|---|---|
| Assets | | |
| Cash | $ 369,159 | $ 334,362 |
| Works of art | 0 | 136,250 |
| | $ 369,159 | $ 470,612 |
| Net assets (Statement 2) | $ 369,159 | $ 470,612 |

On behalf of the Board of Trustees

Chairperson of the Board

Secretary of the Board

(See accompanying notes to the financial statements)

Statement 2

## THE UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended April 30

| | 1999 | 1998 |
|---|---|---|
| **Revenues** | | |
| Donations | $ 138,891 | $ 131,371 |
| Interest | 16,641 | 13,775 |
| | 155,532 | 145,146 |
| **Expenses** | | |
| Transfer to University of Saskatchewan | 100,000 | 120,000 |
| Insurance policy premiums (Note 3) | 20,735 | 21,371 |
| Miscellaneous | 0 | 153 |
| | 120,735 | 141,524 |
| Excess of revenues over expenses | 34,797 | 3,622 |
| Release of Works of Art to The University of Saskatchewan | (136,250) | 0 |
| Net assets, beginning of year | 470,612 | 466,990 |
| Net assets, end of year - to Statement 1 | $ 369,159 | $ 470,612 |

(See accompanying notes to the financial statements)

Statement 3

## UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
## STATEMENT OF CASH FLOWS
For the year ended April 30

| | 1999 | 1998 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activity: | | |
| Excess of revenue over expenditure | $ 34,797 | $ 3,622 |
| Net increase in cash position during the year | 34,797 | 3,622 |
| Cash, beginning of year | 334,362 | 330,740 |
| Cash, end of year | $ 369,159 | $ 334,362 |

(See accompanying notes to the financial statements)

## THE UNIVERSITY OF SASKATCHEWAN CROWN FOUNDATION
## NOTES TO THE FINANCIAL STATEMENTS

**April 30, 1999**

### 1. Authority and Purpose

The University of Saskatchewan Crown Foundation (Foundation) is incorporated under *The Crown Foundation Act* pursuant to Order in Council 842/94 effective December 15, 1994. As an agent of the Crown in the right of the province, donations to the Foundation qualify under the *Income Tax Act* for a tax credit in the case of individuals and for a deduction in the case of corporations.

The purpose of the Foundation is to receive gifts of real and personal property, including money, and to provide grants and transfers of real and personal property to the University of Saskatchewan (University) for the purpose of supporting and promoting its education or research activities. The Foundation began operations on December 20, 1995.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Donations and Pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts in Kind are recorded at fair market value on the date of their donation.

Pledges made by donors for donations to be received in future years are not recorded in the financial statements.

### 3. Life Insurance Premiums

Life insurance premiums may be paid by individuals directly or through a donation to the Foundation for life insurance policies naming the Foundation as the beneficiary. The premiums are included in both revenue and expenses.

## 4. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Crown Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The University of Saskatchewan is related to the Foundation. The Foundation has negotiated a service agreement with the University to provide certain administrative and management services to the Foundation without charge, therefore, no provision for such costs is reflected in these financial statements.

The Foundation has arranged with the University to invest the Foundation's cash as part of the University's short-term investment pool. Interest income is allocated by the University to the Foundation based on its level of participation in the investment pool.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Victims' Fund as at March 31, 2000 and the statements of operations and accumulated surplus (deficit), cash flows and tangible capital assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 6, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# DEPARTMENT OF JUSTICE
# VICTIMS' FUND
# STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2000 | 1999<br>(Restated) |
|---|---|---|
| **Financial assets**: | | |
| Due from General Revenue Fund (Note 6) | $ 210,188 | $ 77,724 |
| Accounts receivable (Note 7) | 588,087 | 885,672 |
| Due from Public Trustee (Note 8) | 3,446,721 | 3,595,545 |
| Total financial assets | 4,244,996 | 4,558,941 |
| **Liabilities**: | | |
| Accounts payable | 74,013 | 26,362 |
| Employee leave entitlement | 6,762 | 4,804 |
| Deferred revenue (Note 9) | 153,707 | --- |
| Total liabilities | 234,482 | 31,166 |
| **Accumulated surplus** (Statement 2) | $ 4,010,514 | $ 4,527,775 |
| Accumulated surplus represented by: | | |
| Accumulated operating results | $ 4,013,477 | $ 4,541,475 |
| Less tangible capital assets (Statement 4) | (2,963) | (13,700) |
| | $ 4,010,514 | $ 4,527,775 |

(See accompanying notes to the financial statements)

Statement 2

## DEPARTMENT OF JUSTICE
## VICTIMS' FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS (DEFICIT)
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 10) | Actual | Actual (Restated) |
| **Revenue**: | | | |
| Surcharge revenue | $ 2,000,000 | $ 1,976,709 | $ 2,335,492 |
| Investment income (Note 8) | 380,000 | 376,176 | 437,456 |
| Other | 5,000 | 24,414 | 17,399 |
| Total revenue | 2,385,000 | 2,377,299 | 2,790,347 |
| **Expenses**: | | | |
| Administration costs | 351,000 | 406,089 | 397,664 |
| Crisis intervention services | 1,453,000 | 1,612,447 | 1,116,918 |
| Court based programs | 234,000 | 190,393 | 191,457 |
| Compensation payments | 300,000 | 370,728 | 305,162 |
| Restitution program | 135,000 | 108,833 | 127,775 |
| Research and education | 205,000 | 190,408 | 267,562 |
| Special projects | 159,000 | 26,399 | 154,454 |
| Total expenses (Schedule 1) | $ 2,837,000 | $ 2,905,297 | $ 2,560,992 |
| Operating results | (452,000) | (527,998) | 229,355 |
| Net decrease in tangible capital assets | --- | 10,737 | 8,937 |
| **(Deficit) surplus for the year** | $ (452,000) | (517,261) | 238,292 |
| **Accumulated surplus, beginning of year** | | 4,527,775 | 4,289,483 |
| **Accumulated surplus, end of year** (Statement 1) | | $ 4,010,514 | $ 4,527,775 |

(See accompanying notes to the financial statements)

**Statement 3**

## DEPARTMENT OF JUSTICE
## VICTIMS' FUND
## STATEMENT OF CASH FLOWS
## For the Year Ended March 31

| | 2000 | 1999<br>(Restated) |
|---|---|---|
| **Cash flows from operating activities:** | | |
| (Deficit) surplus for the year | $ (517,261) | $ 238,292 |
| Changes in non-cash working capital balances: | | |
| Decrease (increase) in accounts receivable | 297,585 | (343,017) |
| Decrease in due from Public Trustee | 148,824 | 112,544 |
| Increase in accounts payable | 47,651 | 19,198 |
| Increase (decrease) in employee leave entitlement | 1,958 | (372) |
| Increase in deferred revenue | 153,707 | --- |
| Increase (decrease) in cash for the year | 132,464 | 26,645 |
| Due from General Revenue Fund, beginning of year | 77,724 | 51,079 |
| Due from General Revenue Fund, end of year | $ 210,188 | $ 77,724 |

(See accompanying notes to the financial statements)

**Statement 4**

## DEPARTMENT OF JUSTICE
## VICTIMS' FUND
## STATEMENT OF TANGIBLE CAPITAL ASSETS
## For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| | Equipment | |
| Opening costs | $ 59,137 | $ 55,583 |
| Additions during the year | 2,631 | 3,554 |
| Disposals | --- | --- |
| Closing cost | 61,768 | 59,137 |
| Opening accumulated amortization | 45,437 | 32,946 |
| Annual amortization | 13,368 | 12,491 |
| Disposals | --- | --- |
| Closing accumulated amortization | 58,805 | 45,437 |
| Net book value of tangible capital assets | $ 2,963 | $ 13,700 |

(See accompanying notes to the financial statements)

# DEPARTMENT OF JUSTICE
# VICTIMS' FUND
# NOTES TO THE FINANCIAL STATEMENTS
# March 31, 2000

## 1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

## 2. Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting principles.

### a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

### b) Revenue

#### i) Surcharge revenue

Surcharge revenue represents provincial and federal fine surcharges collected by the Department of Justice in accordance with *The Victims of Crime Act, 1995* and the Criminal Code. The Department of Justice is responsible for collecting the surcharges on behalf of the Fund. Surcharges are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### ii) Proceeds of crime funding

Proceeds of crime funding from the Federal Government is recognized as revenue in the year the related expenses are incurred due to restrictions imposed by the Federal Government (see Note 9).

### c) Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

d) Tangible Capital Assets

Tangible capital assets acquired before March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over five years. Tangible capital assets acquired after March 31, 1997, that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over three years.

e) Net Decrease (Increase) in Tangible Capital Assets

The net decrease (increase) in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

## 3. Change in Accounting Policy

Recently the Public Sector Accounting Board (PSAB) provided guidance on accounting policies and financial statement presentation for public sector organizations. Effective April 1, 1999, the Fund adopted the PSAB recommendations.

As a result, the fund changed its accounting policy for the recording of tangible capital assets. The Fund now records the net increase in tangible capital assets as an adjustment to report the surplus for the year on an expenditure basis.

This change in accounting policy has been applied retroactively and the 1999 financial statements have been restated. The effect of this accounting policy change is that the tangible capital assets are no longer reported on the statement of financial position. As a result, assets decreased by $2,963 (1999 - $13,700), accumulated surplus decreased by $2,963 (1999 - $13,700), and surplus for the year increased by $10,737 (1999 - $8,937).

## 4. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, accounts receivable, due from Public Trustee and accounts payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing. Due to the short-term nature of these, interest rate risk is minimal.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Public Trustee can sell the Fund's investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or due from Public Trustee.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's due from Public Trustee consists of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Fund limits the credit risk by having Public Trustee invest their funds in securities considered to be high quality.

c) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable

The fair value of due from Public Trustee at March 31, 2000 is $3,446,721 (1999 - $3,595,545).

## 5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements.

## 6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily bank account balance. The Government's average thirty-day borrowing rate for 1999/00 is 4.79% (1998/99 – 5.04%). Interest earned for the year was $14,777 (1999 - $9,247).

## 7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

| | 2000 | 1999 |
|---|---|---|
| Surcharge receivable | $ 566,370 | $ 757,840 |
| Other Accounts Receivable | 21,717 | 127,832 |
| Total accounts receivable | $ 588,087 | $ 885,672 |

## 8. Due from Public Trustee

The Fund invests a portion of its surplus funds with the Public Trustee for Saskatchewan. The Public Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, and realized changes in market values of common fund investments, is allocated monthly to clients, including Victims' Fund. The unrealized change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by Public Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Fair value approximates the carrying value of investments.

## 9. Proceeds of Crime

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations the Federal Government receives monies from seizures by police during drug investigations and other illegal activities. Treasury Board approved the deposit of the proceeds of crime into the Fund. The funds were deposited prior to March 31, 2000. On April 17, 2000 the Province entered into an agreement with the Federal Government that specifies the funds are to be used to support crime prevention, issues of substance abuse and law enforcement.

## 10. Budget

These amounts represent the budget approved by management. This budget was prepared using the Fund's previous accounting policies, and therefore the budgeted amount for net increase in tangible capital assets is not comparable to the current year's presentation.

## 11. Comparative Information

Certain 1998/99 figures have been reclassified to conform with the current year's presentation.

Schedule 1

# DEPARTMENT OF JUSTICE
# VICTIMS' FUND
# SCHEDULE OF EXPENSE BY OBJECT
## For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Expenses: | | |
| Community grants | $ 1,669,567 | $ 1,427,612 |
| Salaries | 579,083 | 603,434 |
| Contractual services | 134,559 | 74,521 |
| Compensation awards | 370,728 | 305,162 |
| Administration | 123,485 | 123,767 |
| Victim/witness rooms/softrooms | 10,000 | 4,933 |
| Systems expenses | 4,507 | 9,072 |
| Amortization | 13,368 | 12,491 |
| | $ 2,905,297 | $ 2,560,992 |

KPMG LLP
Chartered Accountants

## AUDITORS' REPORT TO THE BOARD

We have audited the balance sheet of Wanuskewin Heritage Park Authority as at March 31, 2000 and the statements of operations and general fund balance and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Saskatchewan
April 28, 2000

[illegible] a Swiss association.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Balance Sheet

March 31, 2000, with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 10,396 | $ - |
| Accounts receivable | 43,130 | 95,890 |
| Inventories | 123,221 | - |
| Prepaid expenses | 6,156 | 16,991 |
| | 182,903 | 112,881 |
| Capital assets (note 4) | 7,707,441 | 7,805,079 |
| Due from Wanuskewin Indian Heritage Inc. | - | 218,941 |
| | $ 7,890,344 | $ 8,136,901 |
| **Liabilities and Fund Balances** | | |
| Current liabilities: | | |
| Outstanding cheques less cash in bank | $ - | $ 16,044 |
| Line of credit (note 5) | 19,958 | 316,462 |
| Accounts payable and accrued liabilities | 219,919 | 250,744 |
| Current portion of long-term debt (note 6) | 125,200 | - |
| | 365,077 | 583,250 |
| Long-term debt (note 6) | 411,992 | - |
| Deferred contributions related to capital assets (note 7) | 6,924,734 | 7,345,747 |
| Fund balances: | | |
| Contribution related to land | 434,006 | 434,006 |
| General | (245,465) | (226,102) |
| | 188,541 | 207,904 |
| | $ 7,890,344 | $ 8,136,901 |

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

# WANUSKEWIN HERITAGE PARK AUTHORITY

Statement of Operations and General Fund Balance

Year ended March 31, 2000, with comparative figures for 1999

| | | 2000 | | 1999 |
|---|---|---|---|---|
| Revenue: | | | | |
| Grants | $ | 714,827 | $ | 742,487 |
| Amortization of deferred contributions | | 495,013 | | 498,446 |
| Donations | | 146,156 | | 77,741 |
| Admission fees and memberships | | 126,572 | | 137,721 |
| Programs and other | | 92,326 | | 240,313 |
| Occupancy and rental | | 26,136 | | 25,773 |
| | | 1,601,030 | | 1,722,481 |
| Expenses: | | | | |
| Amortization | | 499,998 | | 503,332 |
| Programs | | 394,410 | | 541,707 |
| Executive | | 366,598 | | 321,563 |
| Resource management | | 217,625 | | 200,907 |
| Marketing | | 102,533 | | 133,778 |
| Corporate development | | 28,739 | | 132,556 |
| Human resource development | | 10,490 | | 9,943 |
| | | 1,620,393 | | 1,843,786 |
| Excess of expenses over revenue | | (19,363) | | (121,305) |
| General fund balance, beginning of year | | (226,102) | | (104,797) |
| General fund balance, end of year | $ | (245,465) | $ | (226,102) |

See accompanying notes to financial statements.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Statement of Cash Flows

Year ended March 31, 2000, with comparative figures for 1999

| | 2000 | 1999 |
|---|---|---|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of expenses over revenue | $ (19,363) | $ (121,305) |
| Items not requiring (providing) an outlay of cash: | | |
| Depreciation | 499,998 | 503,332 |
| Amortization of deferred contributions | (495,013) | (498,446) |
| Deferred grants for capital asset purchases | - | (57,299) |
| Change in non-cash operating working capital: | | |
| Accounts receivable | 68,094 | 22,284 |
| Prepaid expenses | 12,340 | 25,917 |
| Accounts payable and accrued liabilities | (48,479) | 133,294 |
| | 17,577 | 7,777 |
| Investing: | | |
| Purchase of capital assets | (79,433) | (18,303) |
| Grant funding of capital assets | 74,000 | - |
| | (5,433) | (18,303) |
| Financing: | | |
| Advances to Wanuskewin Indian Heritage Inc. | (113,663) | (100) |
| Increase in long-term debt | 450,000 | - |
| Repayments of long-term debt | (25,537) | - |
| | 310,800 | (100) |
| Increase (decrease) in cash position | 322,944 | (10,626) |
| Cash position, beginning of year | (332,506) | (321,880) |
| Cash position, end of year | $ (9,562) | $ (332,506) |
| Interest paid during the year | $ 36,636 | $ 34,490 |

Cash position consists of cash, outstanding cheques less cash in bank, and line of credit.

See accompanying notes to financial statements.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

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## 1. Purpose of Wanuskewin Heritage Park Authority:

Wanuskewin Heritage Park Authority ("WHPA") (formerly Wanuskewin Heritage Park Corporation) was established to operate the Wanuskewin Heritage Park which commenced full time commercial operations on June 1, 1992. WHPA is a registered charity (#0913384-52).

On March 29, 2000, WHPA acquired the restaurant and gift shop operations from Wanuskewin Indian Heritage Inc. at the book value of the assets and liabilities.

## 2. Going concern:

These financial statements have been prepared on a going concern basis which assumes the realization of assets and liquidation of liabilities in the normal course of business. The application of the going concern concept is dependent on WHPA's ability to ensure revenue sources meet or exceed ongoing expenses and obligations.

## 3. Significant accounting policies:

### (a) Revenue and expense recognition:

Revenue and expenses are recorded in the financial statements on the accrual basis. Under this method revenue is recognized in the fiscal period during which it becomes receivable. Expenses are recorded when goods or services are received.

### (b) Inventories:

Inventories of restaurant supplies and gift shop products are carried at the lower of cost, on a first-in, first-out basis, and net realizable value.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

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## 3. Significant accounting policies (continued):

(c) Capital assets and deferred contributions:

Capital assets are stated at cost and depreciated over the estimated useful lives of the assets on a straight-line basis at the following rates:

| Asset | Rate |
|---|---|
| Equipment | 10% |
| Vehicles | 20% |
| Buildings and site development | 4% |

Funding, consisting mainly of grants and donations, received for capital asset acquisitions is deferred and amortized on the same basis as the asset to which it relates is depreciated.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses for the reporting period. Actual amounts may differ from these estimates.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

## 4. Capital assets:

| | | | 2000 | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Park site: | | | | |
| Land | $ 434,006 | $ - | $ 434,006 | $ 434,006 |
| Buildings and site development | 9,004,389 | 2,821,378 | 6,183,011 | 6,543,187 |
| Park site - Phase II: | | | | |
| Site improvements and interpretive displays | 1,271,979 | 554,740 | 717,239 | 769,662 |
| Other: | | | | |
| Equipment and vehicles | 117,108 | 66,850 | 50,258 | 58,224 |
| | 10,827,482 | 3,442,968 | 7,384,514 | 7,805,079 |
| Gift Shop: | | | | |
| Equipment | 52,895 | 37,624 | 15,271 | - |
| Building improvements | 119,855 | 37,570 | 82,285 | - |
| Restaurant: | | | | |
| Equipment | 137,048 | 105,653 | 31,395 | - |
| Building improvements | 281,390 | 87,414 | 193,976 | - |
| | 591,188 | 268,261 | 322,927 | - |
| | $ 11,418,670 | $ 3,711,229 | $ 7,707,441 | $ 7,805,079 |

## 5. Line of credit:

Peace Hills Trust $50,000 line of credit facility due August 31, 2000 bears interest at prime plus 2% and is secured by a general security agreement.

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

## 6. Long-term debt:

| | 2000 | 1999 |
|---|---|---|
| Peace Hills Trust loan at fixed rate of 8.25% repayable in monthly instalments of $9,178 including interest, due November 1, 2004. Secured by general security agreement providing a first charge over all asset of WHPA. | $ 424,463 | $ - |
| Peace Hills Trust loan at prime rate plus 2% repayable in monthly instalments of $4,566 including interest, due April 1, 2002. Secured by general security agreement providing a first charge over all assets relating to the gift shop and restaurant. | 112,729 | - |
| | 537,192 | - |
| Current portion of long-term debt | 125,200 | - |
| | $ 411,992 | $ - |

Interest incurred on long-term debt was $14,094 for the year.

The aggregate expected repayments of long-term debt for each of the next five years are as follows:

| | |
|---|---|
| 2001 | $ 125,200 |
| 2002 | 135,600 |
| 2003 | 106,530 |
| 2004 | 99,800 |
| 2005 | 70,062 |
| | $ 537,192 |

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

## 7. Deferred contributions related to capital assets:

| | | | 2000 | 1999 |
|---|---|---|---|---|
| | Contributions | Accumulated amortization | Net Book Value | Net Book Value |
| Park site: | | | | |
| Buildings and site development | $ 9,004,379 | $ 2,821,377 | $ 6,183,002 | $ 6,543,177 |
| Park site - Phase II: | | | | |
| Site improvements and interpretive displays | 1,270,179 | 554,740 | 715,439 | 769,662 |
| Other: | | | | |
| Equipment and vehicle | 60,213 | 33,920 | 26,293 | 32,908 |
| | $ 10,334,771 | $ 3,410,037 | $ 6,924,734 | $ 7,345,747 |

# WANUSKEWIN HERITAGE PARK AUTHORITY

Notes to Financial Statements

Year ended March 31, 2000

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## 8. Related party transactions:

On March 29, 2000, WHPA assumed the operations of the gift shop and restaurant from WIHI as follows:

| | | |
|---|---|---|
| Assets acquired, at net book value | $ | 477,545 |
| Liabilities assumed, at net book value | | 477,545 |

In addition to the acquisition of the gift shop and restaurant operations described noted above, WHPA had the following transactions with Wanuskewin Indian Heritage Inc. ("WIHI"):

| | | |
|---|---|---|
| Accounting recovery | $ | 15,000 |
| Other expenses | | 13,252 |
| Operating grant paid | | 10,000 |
| WIHI salaries and benefits | | 49,000 |

WHPA provided space to WIHI for the operation of a restaurant and gift shop for which no charges were made in 2000.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Water Appeal Board as at March 31, 2000 and the statement of operations and net assets for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
July 18, 2000

Statement 1

# WATER APPEAL BOARD
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 11,784 | $ 22,138 |
| Accrued interest | 47 | 86 |
| | 11,831 | 22,224 |
| Capital assets (Note 3) | 1,529 | 3,196 |
| | $ 13,360 | $ 25,420 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Accounts payable | $ 6,388 | $ 8,812 |
| Appellant deposits (Note 4) | 6,000 | 6,000 |
| | 12,388 | 14,812 |
| Net assets (Statement 2) | 972 | 10,608 |
| | $ 13,360 | $ 25,420 |

(See accompanying notes to the financial statements)

Statement 2

## WATER APPEAL BOARD
## STATEMENT OF OPERATIONS AND NET ASSETS
## For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Revenues: | | | |
| Grant from Department of Environment and Resource Management - General Revenue Fund | | $ 80,000 | $ 35,000 |
| Transcript fees | | 1,434 | 2,373 |
| Interest | | 1,072 | 2,194 |
| Appellant fees (Note 4) | | 3,000 | 1,900 |
| Other | | --- | 31 |
| | | 85,506 | 41,498 |
| Expenses: | | | |
| Board honorariums | $ 34,200 | 29,887 | 26,128 |
| Travel and sustenance | 25,000 | 17,580 | 18,253 |
| Secretarial services | 17,500 | 19,430 | 17,280 |
| Professional fees | 12,000 | 9,819 | 7,750 |
| Office supplies (including postage, photocopying) | 5,500 | 4,227 | 4,937 |
| Meeting room rental | 5,500 | 4,185 | 4,034 |
| Transcript fees | 3,000 | 1,434 | 2,511 |
| Office rental | 2,500 | 2,699 | 2,443 |
| Telephone | 3,500 | 3,384 | 2,366 |
| Amortization of capital assets | --- | 1,667 | 1,667 |
| Accounting and printing services | 1,500 | 360 | 1,168 |
| Other | 1,000 | 470 | 40 |
| | $ 111,200 | 95,142 | 88,577 |
| Deficit for the year | | 9,636 | 47,079 |
| Net assets, beginning of year | | 10,608 | 57,687 |
| Net assets, end of year - to Statement 1 | | $ 972 | $ 10,608 |

(See accompanying notes to the financial statements)

# WATER APPEAL BOARD
## NOTES TO THE FINANCIAL STATEMENTS
### March 31, 2000

### 1. Authority

The Water Appeal Board was established under *The Water Appeal Board Act*, on July 1, 1984. The purpose of the Board is to hear and determine appeals made to it pursuant to *The Water Corporation Act*.

### 2. Significant Accounting Policies

These financial statements have been prepared using generally accepted accounting principles. The following accounting policies are considered significant.

a) Grant from the General Revenue Fund

Grant from the General Revenue Fund is recognized when appropriated and received.

b) Capital assets

Capital assets are recorded at cost and amortized over their useful lives. Amortization of equipment is calculated on a straight-line basis over three years.

### 3. Capital Assets

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| Equipment | $ 9,514 | $ 9,514 | $ 7,985 | $ 6,318 | $ 1,529 | $ 3,196 |

### 4. Appellant Deposits

Appellant deposits are held by the Board until the appeal has been heard and the decision rendered. Once the decision has been rendered by the Board these deposits are dealt with in one of two manners:

i) The deposit is returned to the appellant if he/she has been successful in his/her appeal.

ii) The deposit is retained by the Board and recorded as income if the appellant is not successful in his/her appeal.

At year end, the Board had 26 outstanding appeals.

## 5. Financial Instruments

The Board's financial instruments include cash, accrued interest, accounts payable and appellant deposits. The fair value of these instruments approximates their carrying value due to the immediate or short-term nature of these financial instruments.

## 6. Statement of Cash Flows

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

## 7. Related Party Transactions

These financial statements include transactions with related parties. The Board is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Board is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. Routine related party transactions included expenses totalling $5,822 (1999 - $4,689) and account payables at March 31, 2000 of $857 (1999 - $420).

The Board pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

SASKATCHEWAN WORKERS' COMPENSATION BOARD

**AUDITOR'S REPORT**

To the Members of the Workers' Compensation Board (Saskatchewan)

We have audited the statement of financial position of the Workers' Compensation Board (Saskatchewan) as at December 31, 1999 and the statements of operations and injury fund and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board as at December 31, 1999 and the results of its operations and its cash flow for the year then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada

May 5, 2000

SASKATCHEWAN WORKERS' COMPENSATION BOARD

## Statement of Financial Position

As at December 31, 1999

| | 1999 | 1998<br>*(restated)* |
|---|---|---|
| | *(thousands of dollars)* | |
| **Assets** | | |
| Cash and short-term investments | **$ 32,960** | $ 65,003 |
| Accounts receivable | **13,678** | 10,706 |
| Accrued interest | **4,616** | 5,731 |
| Investments (note 3) | **785,875** | 716,510 |
| Capital assets (note 4) | **29,123** | 30,999 |
| | **$ 866,252** | $ 828,949 |
| **Liabilities** | | |
| Accounts payable (note 5) | **$ 22,615** | $ 16,141 |
| Declared rebates (note 8) | **49,380** | 38,831 |
| Benefits liabilities (note 9) | **592,082** | 575,823 |
| Annuity fund payable | **69,879** | 59,028 |
| | **733,956** | 689,823 |
| **Reserves and Injury Fund** (note 6) | **132,296** | 139,126 |
| | **$ 866,252** | $ 828,949 |

*See accompanying notes to financial statements*

On behalf of the Board:

Stan Cameron
Chairman

Norm Brown
Board Member

Darlene Light
Board Member

SASKATCHEWAN WORKERS' COMPENSATION BOARD

## Statement of Operations and Injury Fund

Year ended December 31, 1999

| | 1999 | 1998<br>*(restated)* |
|---|---|---|
| | *(thousands of dollars)* | |
| **Revenues:** | | |
| Premiums (note 7) | $ 141,499 | $ 141,657 |
| Investment income | 96,206 | 78,816 |
| | 237,705 | 220,473 |
| **Expenses:** | | |
| Compensation (note 9) | 108,180 | 103,371 |
| Administration expenses (Schedule 1) | 37,016 | 32,565 |
| Medical Aid | 31,378 | 29,036 |
| Occupational Health & Safety | 5,224 | 4,630 |
| Vocational Rehabilitation | 2,562 | 2,512 |
| Worker's Advocate | 561 | 492 |
| Prevention Services | 614 | 242 |
| | 185,535 | 172,848 |
| Operating surplus before declared employer rebate | 52,170 | 47,625 |
| Declared employer rebate (note 8) | 36,000 | 23,000 |
| Operating surplus after declared employer rebate | 16,170 | 24,625 |
| Provision for legislated obligation (note 10) | (23,000) | - |
| Net surplus (deficit) | (6,830) | 24,625 |
| Injury Fund, beginning of year (notes 2 & 6) | 19,339 | 24,501 |
| Appropriation (to) from contingency reserve (note 10) | 23,000 | (23,000) |
| Appropriation to other reserves (note 6) | (7,112) | (6,787) |
| Injury Fund, end of year (note 6) | $ 28,397 | $ 19,339 |

*See accompanying notes to financial statements.*

SASKATCHEWAN WORKERS' COMPENSATION BOARD

## Statement of Cash Flow

Year ended December 31, 1999

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| **Cash received from:** | | |
| Premiums | $ 133,870 | $ 157,039 |
| Dividends and interest | 41,373 | 38,310 |
| | 175,243 | 195,349 |
| **Cash paid to:** | | |
| Claimants, or third parties on their behalf | 123,230 | 116,008 |
| Employees and suppliers, for administrative and other goods and services | 34,695 | 29,715 |
| Employers for the declared employer rebate | 16,874 | 0 |
| Surviving spouses (note 10) | 18,400 | 0 |
| Department of Labour | 7,596 | 6,495 |
| | 200,795 | 152,218 |
| Net cash provided from (used for) operating activities | (25,552) | 43,131 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| **Cash received from:** | | |
| Sale and maturity of investments | 1,346,979 | 1,007,318 |
| **Cash paid for:** | | |
| Purchase of investments | 1,350,413 | 1,043,463 |
| Purchase of capital assets | 3,057 | 4,459 |
| | 1,353,470 | 1,047,922 |
| Net cash used for investing activities | (6,491) | (40,604) |
| Increase (decrease) in cash during the year | (32,043) | 2,527 |
| Cash and short-term investments, beginning of year | 65,003 | 62,476 |
| Cash and short-term investments, end of year | $ 32,960 | $ 65,003 |
| Comprised of: | | |
| Cash less outstanding cheques | $ (542) | $ (1,048) |
| Short-term investments | 33,502 | 66,051 |
| | $ 32,960 | $ 65,003 |

*See accompanying notes to financial statements*

# Notes to Financial Statements

December 31, 1999

## 1 Status of the Board:

The Workers' Compensation Board operates under the authority of The Workers' Compensation Act, 1979, Statutes of Saskatchewan (the Act).

In accordance with the provisions of the Act, the Board's general powers and purposes are to provide workers' compensation insurance to Saskatchewan workers and employers.

The Board maintains an injury fund representing all funds collected and expenses incurred to administer the Act.

## 2 Significant Accounting Policies:

*Investments*

(i) Short-term investments are recorded at the lower of cost and market value.

(ii) Bonds and debentures are recorded at cost with any discount or premium amortized on a straight-line basis over the period remaining to the maturity date of the investment.

(iii) Equities, pooled equity funds and real estate are valued using a five-year moving average of market values, thereby allowing for a gradual movement toward current market values.

(iv) Mortgages are recorded at cost and the principal is reduced by principal repayments throughout the year.

(v) Gains or losses on the sale of investments are amortized to revenue. The amortization period for equities is five years and for bonds and debentures is over the remaining period to maturity of the security sold.

(vi) A decline in market value which is considered other than temporary is recognized immediately.

*Capital Assets*

Amortization is recorded on a straight-line basis, at the following rates:

| | |
|---|---|
| Building | 2.50% |
| Office furnishings | 10% |
| Computer equipment | 20% |
| Rehabilitation equipment | 5% – 20% |
| Rehabilitation facility | 2.50% |
| Software development | 33.33% |

*Premium Revenue*

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by instalments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

*Benefits Liabilities*

The benefits liability is determined annually through an actuarial valuation and represents a provision for future payments relating to incurred claims which occurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the legislation in force and adjudication practices in effect at December 31, 1999.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of incurred claims. (See Note 6 - Future Benefits Administration reserve.) Similarly provision has not been made for the costs of claims for occupational diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.

*Annuity Fund Payable*

The annuity fund is established pursuant to sections 74 and 83(5) of the Act, to provide injured workers and dependent spouses for the loss of retirement income due to a work-place injury. The fund represents 10% of eligible payments already made plus interest calculated at the Board's actual interest rate. This liability is not discounted and a separate fund of investments is not maintained.

All future costs, excluding interest, are provided for as part of benefits liabilities.

*Foreign Currency Translation*

Monetary items denominated in foreign currency are translated at the exchange rate in effect at the year end. Equity investments, revenues and expenses are translated at the exchange rate in effect at the transaction date.

*Use of Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and reserves, revenues and expenses. The more subjective of such estimates and assumptions relate to premium revenues receivable, benefits liabilities and the Board's legislated obligations to surviving spouses. By their nature, these estimates and assumptions are subject to measurement uncertainty. Management believes its estimates and assumptions are appropriate; however, actual results could differ from the amounts estimated.

*Change in Accounting Policy*

During the year, the Board changed its accounting policy for recording the debt/surplus amortization program outlined in Note 8. Under this revised accounting policy, the Board now records the net rebate accruing to qualifying employers at the time the Board ratifies the continuation of the program in conjunction with formally announcing the annual employer levy.

This change in accounting policy has been applied on a retroactive basis. The balance of the Injury Fund as at December 31, 1998, previously reported at $24,097,000, has been reduced by $4,758,000 with a corresponding decrease in the 1998 premium revenues.

## 3 Investments:

(a) The carrying amount and fair value of investments are as follows:

| | 1999 CARRYING AMOUNT | 1999 FAIR VALUE | 1998 CARRYING AMOUNT | 1998 FAIR VALUE |
|---|---|---|---|---|
| | *(thousands of dollars)* | | | |
| Bonds and fixed term securities | **$ 444,077** | **$ 429,434** | $ 419,948 | $ 428,207 |
| Equities and pooled equity funds | **300,196** | **485,438** | 290,043 | 415,894 |
| Mortgages and real estate | **20,489** | **22,159** | 21,112 | 22,238 |
| Unamortized gains and losses | **21,113** | **-** | (14,593) | - |
| | **$ 785,875** | **$ 937,031** | $ 716,510 | $ 866,339 |

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Cash and short-term securities:

All short-term investments are in Canadian securities. These investments have an aggregate principal amount of $33,502,000 (1998 - $66,051,000) and are comprised of notes and commercial paper with effective interest rates of 4.37% to 5.49% (1998 - 4.60% to 5.90%).

(ii(a)) Bonds and other fixed-term securities – interest risk:

| | INTEREST RECEIVABLE BASIS | 1999 EFFECTIVE RATES (% RANGE) | 1999 COUPON RATES (% RANGE) | 1998 EFFECTIVE RATES (% RANGE) | 1998 COUPON RATES (% RANGE) |
|---|---|---|---|---|---|
| Government of Canada | semi-annual | **4.03-6.80%** | **0-8.00%** | 4.72-5.27% | 0-8.00% |
| Provincials and Securities | | | | | |
| Guaranteed by Provinces | semi-annual | **6.53-6.90%** | **5.50-8.75%** | 4.98-5.92% | 5.50-10.00% |
| Corporate Securities | semi-annual | **6.19-7.58%** | **5.50-6.75%** | 5.09-7.09% | 5.40- 9.90% |

(ii(b)) Bonds and other fixed-term securities - principal amount and carrying amount:

The principal amount and carrying amount are shown by contractual maturity.

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

| | 1999 | | 1998 | |
|---|---|---|---|---|
| **TERM TO MATURITY** | **PRINCIPAL AMOUNT** | **CARRYING AMOUNT** | **PRINCIPAL AMOUNT** | **CARRYING AMOUNT** |
| | | *(thousands of dollars)* | | |
| Government of Canada | | | | |
| After one through five years | $ 97,465 | $ 97,919 | $ 186,088 | $ 193,523 |
| After five years | 173,854 | 170,209 | 65,778 | 68,415 |
| Provincial and Securities Guaranteed by Provinces: | | | | |
| After one through five years | 23,615 | 25,524 | 17,532 | 17,668 |
| After five years | 51,224 | 54,008 | 48,416 | 53,127 |
| Corporate Securities: | | | | |
| Due in one year or less | 1,749 | 1,748 | - | - |
| After one through five years | 58,861 | 58,485 | 47,839 | 47,735 |
| After five years | 35,927 | 36,184 | 39,050 | 39,480 |
| | $ 442,695 | $ 444,077 | $ 404,703 | $ 419,948 |

(iii) Equities and pooled equity funds:

The Board's investment in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The rates range from 0 to 11.29% on these investments (1998 - 0% to 6.67%).

The Board limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital.

(iv) Mortgages - principal outstanding:

| | 1999 | | | 1998 | | |
|---|---|---|---|---|---|---|
| | **CARRYING AMOUNT** | **EFFECTIVE INTEREST RATES** | **AVERAGE MATURITY (YEARS)** | **CARRYING AMOUNT** | **EFFECTIVE INTEREST RATES** | **AVERAGE MATURITY (YEARS)** |
| | | | *(thousands of dollars)* | | | |
| Commercial | $3,382 | 7.23 | 12.5 | $3,490 | 6.91 | 9.50 |
| Residential | - | - | - | 9 | 6.93 | 7.00 |
| | $3,382 | 7.23 | 12.5 | $3,499 | 6.91 | 9.00 |

All mortgages are fixed term and have effective interest rates of 6.56% to 7.87% (1998 - 6.86% to 7.00%). Stated rates range from 7.88% to 11.07% (1998 - 6.20% to 11.07%). Principal and interest is receivable on a monthly basis.

(b) Net investment income was derived from the following sources:

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Cash and short-term securities | $ 2,529 | $ 3,649 |
| Bonds and other fixed-term securities | 21,487 | 25,007 |
| Equities and pooled equity funds | 72,471 | 50,531 |
| Mortgages | 283 | 310 |
| Real estate | 1,369 | 1,138 |
| Other | 126 | 92 |
| Investment expenses | (2,059) | (1,911) |
| | $ 96,206 | $ 78,816 |

## 4 Capital Assets:

| | COST | ACCUMULATED AMORTIZATION | NET BOOK VALUE 1999 | 1998 |
|---|---|---|---|---|
| | | *(thousands of dollars)* | | |
| Land | $ 1,375 | $ - | $ 1,375 | $ 1,375 |
| Building | 16,757 | 3,842 | 12,915 | 13,418 |
| Office furnishings | 2,439 | 1,422 | 1,017 | 1,059 |
| Computer equipment | 6,429 | 4,245 | 2,184 | 2,621 |
| Rehabilitation equipment | 1,049 | 910 | 139 | 196 |
| Rehabilitation facility | 12,994 | 3,521 | 9,473 | 9,798 |
| Software development | 14,537 | 12,517 | 2,020 | 2,532 |
| | $ 55,580 | $ 26,457 | $ 29,123 | $ 30,999 |

## 5 Accounts Payable:

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Premium refunds | 6,021 | 5,825 |
| Legislated obligation (note 10) | 4,600 | - |
| Employee benefits liability | 3,146 | 2,583 |
| Occupational Health & Safety | 5,224 | 4,630 |
| Worker's Advocate | 560 | 492 |
| Prevention Services | 614 | 242 |
| Other payables | 2,450 | 2,369 |
| | $ 22,615 | $ 16,141 |

## 6 Reserves and Injury Fund:

| | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|
| | Disaster & Occupational Disease | Second Injury & Re-employment | Economic Stabilization Reserve | Future Benefits Administration | Contingency Reserve | Injury Fund | Total |
| | | | | *(thousands of dollars)* | | | |
| BALANCE, beginning of year | $20,740 | $ 5,185 | $25,925 | $44,937 | $23,000 | $19,339 | $139,126 |
| ADD: Net surplus (deficit) | – | – | – | – | – | (6,830) | (6,830) |
| ADD (LESS): Appropriation to fund allocations to employers | 6,157 | 2,327 | – | – | – | (8,484) | – |
| Legislated obligations (note 10) | – | – | – | – | (23,000) | 23,000 | – |
| Appropriation to (from) Reserves | 1,524 | 381 | 1,905 | 3,302 | – | (7,112) | – |
| ADD (LESS): Allocations to employers | (6,157) | (2,327) | – | – | – | 8,484 | – |
| | $22,264 | $ 5,566 | $27,830 | $48,239 | $ 0 | $28,397 | $132,296 |

In accordance with the Act, the Board under its authority has established reserves to meet costs arising from any disaster or other circumstances the liability for which would unfairly burden employers. These reserves are appropriated to provide cost relief to employers on claims which meet the reserve criteria and to provide for future benefits administration, changes to legislated benefit levels, and protection against large fluctuations in the average premium rate.

## 7 Premiums:

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Premium revenue | **$ 154,733** | $ 157,735 |
| Industry funds debt amortization | **5,194** | 5,931 |
| Industry funds surplus amortization | **(9,179)** | (10,689) |
| Merit rebates | **(13,843)** | (14,331) |
| Surcharge penalty | **4,448** | 3,258 |
| Government of Canada assessment | **2,379** | 1,686 |
| Industry Safety Associations | **(2,233)** | (1,933) |
| | **$ 141,499** | $ 141,657 |

The Board levies an additional premium on certain industry codes to collect funds which are in turn dispersed to the safety associations representing those industries. In 1998, funds were collected on behalf of and disbursed to the Saskatchewan Forestry Safety Association Inc., Heavy Construction Safety Association of Sask., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan, Prairie Implement Manufacturers Association, Saskatchewan Trucking Association, Saskatchewan Association of Health Organizations, and C6 Safety Association of Saskatchewan.

## 8 Declared Rebates

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Merit rebates | $ **13,843** | $ 14,331 |
| Declared employer rebate | **36,000** | 23,000 |
| Surplus amortization | **9,179** | 10,689 |
| Surcharge penalty | **(4,448)** | (3,258) |
| Debt amortization | **(5,194)** | (5,931) |
| Net declared rebates | $ **49,380** | $ 38,831 |

*Declared Employer Rebate*

On November 26, 1998, the Board announced its intention to rebate a portion of the surplus in the Injury Fund at December 31, 1998. The Board has also announced its intention to rebate a portion of the operating surplus at December 31, 1999.

Rebates will be paid to employers whose premium contributions exceed costs over the three year period ended December 31, 1999. It is anticipated that approximately 30,000 employers will qualify for this rebate.

*Merit Rebate/Surcharge Penalty Programs*

The Board annually provides awards or applies surcharges to encourage employers to enhance injury prevention and return-to-work activities for their workers. Merit rebates and surcharges are based on how much an employer's injury claims costs are above or below the industry levels.

*Debt/Surplus Amortization Program*

In conjunction with its implementing an actuarially based rate setting model in 1997, the Board undertook to make appropriate adjustments to the annual levy to account for the surpluses and deficits within individual industry codes that had accumulated prior to December 31, 1996. The intention of the debt/surplus amortization program is to account for those industry surpluses or deficits over a five year period.

## 9 Benefits Liabilities and Compensation Expense

Benefits liabilities represents a provision for actuarially determined future benefit payments relating to incurred claims which were discounted to a present value at a real interest rate of 4 $^1/_4$% to December 31, 2000 and 3 $^1/_2$% thereafter. Estimates of future benefit payments refer to both reported and unreported claims which had arisen from work-related accidents that occurred on or before December 31, 1999.

The benefits liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The following key long-term economic assumptions were used in the actuarial valuation of the benefits liabilities:

SASKATCHEWAN WORKERS' COMPENSATION BOARD

| | 1999 | 1998 |
|---|---|---|
| Inflation | | |
| – to December 31, 2000 | 2 3/4% | 2 1/4% |
| – thereafter | 3 1/2% | 3% |
| Real future growth in gross wages | 1% | 1% |
| Real future increase in medical aid costs | 1 1/2% | 1 1/2% |

The Board believes the amount provided for future payments of incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year when independent actuarial evaluations are performed. Adjustments, if any, resulting from the continuous review of entitlements, experience, or from changes in legislation, assumptions or methods, are recorded under compensation expense when such adjustments become known, together with the actuarial cost of claims for reported and unreported work-related accidents that occurred in the year.

*Benefits Liabilities Continuance Schedule*

| | 1999 | | | | | | 1998 |
|---|---|---|---|---|---|---|---|
| | **Short Term Disability*** | **Long Term Disability** | **Survivor Benefits** | **Medical Aid** | **Rehabilitation*** | **Total** | **Total** |
| | | | | *(thousand of dollars)* | | | |
| BALANCE, beginning of year | $ 79,299 | $305,173 | $ 77,054 | $ 92,430 | $ 21,867 | $575,823 | $556,740 |
| ADD: Claim costs incurred: | | | | | | | |
| Current year injuries | 42,531 | 17,115 | 4,235 | 30,850 | 6,295 | 101,026 | 101,126 |
| Prior years' accident | 975 | 30,158 | 9,653 | (290) | 598 | 41,094 | 34,084 |
| | 43,506 | 47,273 | 13,888 | 30,560 | 6,893 | 142,120 | 135,210 |
| DEDUCT: Claim payment made: | | | | | | | |
| Current year injuries | 19,333 | 73 | 290 | 11,806 | 1,300 | 32,802 | 30,740 |
| Prior years' accident | 25,322 | 32,099 | 10,101 | 19,572 | 5,965 | 93,059 | 85,387 |
| | 44,655 | 32,172 | 10,391 | 31,378 | 7,265 | 125,861 | 116,127 |
| BALANCE, end of year | $ 78,150 | $320,274 | $ 80,551 | $ 91,612 | $ 21,495 | $592,082 | $575,823 |

***Note:** The total Short Term Disability plus Rehabilitation benefits corresponds to the Board's Financial Statements, but this schedule follows the actuarial valuation and treats $4,703,000 of Short Term Disability payments as Rehabilitation payments.

The breakdown of Compensation expense is as follows:

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Claims of 2 years and less duration | $ 52,528 | $ 47,003 |
| Claims of over 2 years duration | 39,393 | 37,285 |
| Actuarial Adjustment | 16,259 | 19,083 |
| | $ 108,180 | $ 103,371 |

### 10 Legislated Obligations to Surviving Spouses:

Effective March 11, 1999 The Special Payment (Dependent Spouses) Act provides that the Board shall pay $80,000, upon application, to each eligible person who, prior to September 1, 1985, was in receipt of compensation under the Act, but whose compensation was terminated by reason of re-marriage or entering into a new common-law relationship. Eligible individuals are required by this legislation to make an application within two years.

Because the legislation requires the payments to be made out of the Injury Fund, the Board transferred $23,000,000 from the contingency reserve to the Injury Fund to provide for the liability created by the legislation. In 1999, payments totaling $18,400,000 have been made to eligible surviving spouses since the passing of this legislation. A further $4,600,000 has been provided for in the Injury Fund to meet the Board's obligations to potential applicants over the remainder of the two-year term prescribed in the legislation.

### 11 Commitments:

The Board has commitments over the next five years for a base level of computer processing, building rental and equipment leasing, as follows:

*(thousands of dollars)*

| 2000 | 2001 | 2002 | 2003 | 2004 |
|---|---|---|---|---|
| $ 4,416 | $ 164 | $ 164 | $ 115 | $ 112 |

The Board's agreement to lease computer processing capacity expires December 2000 and it is presently in negotiations to renew this contract. The amount of this commitment is not determinable at this time.

### 12 Pension Plan:

The Board has a defined benefit plan for certain of its employees hired before October 1, 1977. The Board values these pension plan assets at market-related values whereby capital appreciation and depreciation, both realized and unrealized, is recognized over a period of four years. Experience gains and losses are amortized using the straight-line method over the expected average remaining service life of the plan participants.

The market-related value of the pension plan assets at December 31, 1999 is $ 27,167,000 (1998 - $24,941,000) and the present value of accrued pension benefits is $ 21,800,000 (1998 - $19,840,000).

All other employees of the Board belong to a money purchase pension plan. Employee contributions to this plan are matched by the Board and expensed in the period made.

Total pension expense for 1999 amounted to $ 345,000 (1998 - $552,000).

### 13 Related Party Transactions:

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category (as per financial statements):

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Accounts Receivable - Premiums | $ **252** | $ 115 |
| Investments | **4,513** | 13,762 |
| Accounts Payable | **6,424** | 5,438 |
| Revenue - Premiums | **28,213** | 26,978 |
| Revenue - Investment Income | **583** | 2,675 |
| Expenses | **7,496** | 6,292 |

Payments in 1999 for compensation, medical aid and vocational rehabilitation to claimants who were employed by related parties totalled $18,708,000 (1998 - $15,730,000).

In addition, the Board pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

### 14 Fair Value of Financial Assets and Liabilities:

The following method and assumptions were used to estimate the fair value of each class of financial assets and liabilities:

i) For the following financial assets the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid or transaction prices:
  a) bonds and debentures
  b) equities
  c) pooled equity funds

ii) Mortgages: The fair value is calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage using current interest rates.

### 15 Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

### 16 Comparative Figures:

Certain comparative figures have been changed to conform to the current year's presentation.

SASKATCHEWAN WORKERS' COMPENSATION BOARD

## Schedule 1 – Administration Expenses

Year ended December 31, 1999

| | 1999 | 1998 |
|---|---|---|
| | *(thousands of dollars)* | |
| Salaries | **$ 16,355** | $ 14,945 |
| Computer processing | **5,580** | 5,163 |
| Amortization of capital assets | **4,806** | 4,803 |
| Employee benefits | **2,833** | 2,199 |
| Consulting services | **2,858** | 1,893 |
| Building operations | **1,139** | 1,037 |
| Communications and postage | **1,007** | 935 |
| Printing, stationery and office supplies | **1,508** | 889 |
| Travel and automobile expenses | **861** | 559 |
| Professional services | **747** | 827 |
| Miscellaneous | **718** | 458 |
| Office rental | **230** | 212 |
| Office machines and equipment | **88** | 101 |
| | **38,730** | 34,021 |
| Less: | | |
| Expenses charged to Government of Canada | **766** | 506 |
| Assessment penalties | **800** | 848 |
| Adjudication fees | **148** | 102 |
| | **$ 37,016** | $ 32,565 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Board of Governors, Uranium City Hospital as at March 31, 2000 and the statements of operations and changes in fund balances, and cash flow for the year then ended. The Hospital's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board of Governors, Uranium City Hospital as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 18, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

# BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
## STATEMENT OF FINANCIAL POSITION
## As at March 31

| | | Restricted | | Total | |
|---|---|---|---|---|---|
| | Operating Fund | Capital Fund | Athabasca Health Facility Project (Note 8) | 2000 | 1999 |
| | **ASSETS** | | | | |
| Current assets: | | | | | |
| Cash | $ — | $ — | $ 41,556 | $ 41,556 | $ 9,176 |
| Receivables | | | | | |
| Saskatchewan Health | | | | | |
| - General Revenue Fund | — | — | — | — | 19,450 |
| Patient services and recoveries | 33,678 | — | — | 33,678 | 51,775 |
| Inventories (Note 3) | 44,798 | — | — | 44,798 | 69,966 |
| Prepaid expense | 20,890 | — | — | 20,890 | 7,884 |
| | 99,366 | — | 41,556 | 140,922 | 158,251 |
| Capital assets (Note 4) | — | 54,660 | — | 54,660 | 46,908 |
| | $ 99,366 | $ 54,660 | $ 41,556 | $ 195,582 | $ 205,159 |
| | **LIABILITIES** | | | | |
| Current liabilities: | | | | | |
| Bank Overdraft | $ 18,592 | $ — | $ — | $ 18,592 | $ 90,471 |
| Accounts payable (Note 8) | 56,801 | — | 41,556 | 98,357 | 57,375 |
| Accrued salaries and vacation pay | 38,100 | — | — | 38,100 | 121,068 |
| | 113,493 | — | 41,556 | 155,049 | 268,914 |
| Long term advance (Note 5) | 85,000 | — | — | 85,000 | 85,000 |
| | 198,493 | — | 41,556 | 240,049 | 353,914 |
| | **EQUITY** | | | | |
| Fund balances: | | | | | |
| Investment in capital assets | — | 54,660 | — | 54,660 | 46,908 |
| Externally restricted (Note 2(a)(iii)) | — | — | — | — | 36,698 |
| Unrestricted | (99,127) | — | — | (99,127) | (232,361) |
| Fund balances: Statement 2 | (99,127) | 54,660 | — | (44,467) | (148,755) |
| | $ 99,366 | $ 54,660 | $ 41,556 | $ 195,582 | $ 205,159 |

(See accompanying notes to the financial statements)

**Statement 2**

# BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
### Year Ended March 31

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | | Restricted Fund | | | |
| | Operating Fund | Capital Fund | Athabasca Health Facility Project (Note 8) | Total | Total |
| Revenues: | | | | | |
| Saskatchewan Health - General Revenue Fund | $1,654,371 | $ — | $ — | $1,654,371 | $ 1,500,893 |
| Out-of-province/third party recoveries | 12,408 | — | — | 12,408 | 18,977 |
| Income and recoveries | 30,759 | — | — | 30,759 | 35,462 |
| Interest income | 590 | — | — | 590 | 8,477 |
| Ancillary operations | 24,201 | — | — | 24,201 | 34,668 |
| | 1,722,329 | — | — | 1,722,329 | 1,598,477 |
| Expenses: | | | | | |
| Administration | 276,487 | 8,845 | — | 285,332 | 344,296 |
| Housekeeping and laundry | 61,010 | — | — | 61,010 | 54,986 |
| Maintenance | 189,622 | — | — | 189,622 | 229,478 |
| Medical records | 63,634 | — | — | 63,634 | 105,663 |
| Dietary | 105,947 | — | — | 105,947 | 87,498 |
| Acute care | 676,231 | — | — | 676,231 | 815,046 |
| Laboratory and x-ray | 119,469 | — | — | 119,469 | 119,043 |
| Ancillary operations | 80,098 | — | — | 80,098 | 72,134 |
| Athabasca Health Facility (Note 8) | — | — | 36,698 | 36,698 | 247,688 |
| | 1,572,498 | 8,845 | 36,698 | 1,618,041 | 2,075,832 |
| Excess (deficiency) of revenues over expenses | 149,831 | (8,845) | (36,698) | 104,288 | (477,355) |
| Fund balances, beginning of year | (232,361) | 46,908 | 36,698 | (148,755) | 328,600 |
| Transfer between funds (Note 10) | (16,597) | 16,597 | — | — | — |
| Fund balances at end of year | $ (99,127) | $ 54,660 | $ — | $ (44,467) | $ (148,755) |

(See accompanying notes to the financial statements)

Statement 3

# BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
## STATEMENT OF CASH FLOW
## Year Ended March 31

| | Operating Funds | | Restricted Funds | | | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | Capital Fund | Athabasca Health Facility Project (Note 8) | 2000 | 1999 |
| Cash provided by (used in): | Operating Activities | | Financing and Investing Activities | | | |
| Excess (deficiency) of revenue over expenses | $ 149,831 | $ (203,352) | $ (8,845) | $ (36,698) | $ (45,543) | $ (274,003) |
| Non-cash expense - amortization of capital assets | --- | --- | 8,845 | --- | 8,845 | 26,315 |
| Net change in non-cash working capital (Note 11) | (61,355) | 51,016 | — | 69,078 | 69,078 | (61,177) |
| | 88,476 | (152,336) | — | 32,380 | 32,380 | (308,865) |
| Purchase of capital assets | --- | --- | (16,597) | — | (16,597) | (3,729) |
| Proceeds from disposal of capital assets | — | --- | — | --- | --- | --- |
| | --- | — | (16,597) | — | (16,597) | (3,729) |
| Net (decrease) increase in cash | 88,476 | (152,336) | (16,597) | 32,380 | 15,783 | (312,594) |
| Interfund transfers (Note 10) | (16,597) | (3,729) | 16,597 | — | 16,597 | 3,729 |
| Cash, beginning of year | (90,471) | 65,594 | --- | 9,176 | 9,176 | 318,041 |
| Cash, end of year | $ (18,592) | $ (90,471) | $ — | $ 41,556 | $ 41,556 | $ 9,176 |

(See accompanying notes to the financial statements)

# BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority

The Board of Governors, Uranium City Hospital was established June 5, 1995 by Order in Council #508/95 under *The Public Health Act* to operate the Uranium City Hospital.

The Minister of Municipal Government held the net assets and operated the Hospital on behalf of the Northern Settlement of Uranium City prior to establishment of the Board. By Order dated April 25, 1996, under Section 120 (1) of *The Northern Municipalities Act*, the Minister transferred the net assets to the Board effective June 5, 1995 for no monetary consideration.

As of August 8, 1999 inpatient services at the Uranium City Hospital were suspended due to staff shortages.

## 2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Significant accounting policies are summarized as follows:

### a) Fund accounting

The accounts of the Board are maintained in accordance with the principles of restricted fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funds:

#### i) Operating fund

The operating fund reflects the primary operations of the Board including revenues received for provision of health services from Saskatchewan Health - General Revenue Fund, and billings to patients, clients, and other agencies for patient and client services. Other revenue consists of recoveries and ancillary operations. Expenses are for the delivery of health services.

ii) Capital fund

The capital fund reflects the equity of the Board in capital assets. The capital fund includes revenues received from Saskatchewan Health – General Revenue Fund designated for the acquisition of capital assets. Expenses consist of amortization of capital assets.

iii) Athabasca Health Facility Project

The Athabasca Health Facility Project reflects a capital grant from Saskatchewan Health - General Revenue Fund designated for the capital construction of the Athabasca Health Facility. Expenses consist of project management costs and architect fees. As of March 31, 2000 the responsibility for the Athabasca Health Facility Project was transferred back to Saskatchewan Health.

b) Inventories

Inventory consists of medical and surgical, pharmacy, laboratory, food, linen and other supplies.

Inventories are valued at the lower of cost and net realizable value, with cost determined by the first-in first-out (FIFO) method.

c) Capital assets

Capital assets are recorded at cost. Cost is amortized over the useful life of the asset.

Amortization has been taken on the straight-line basis at the rate of 10% - 20% on equipment. The building is amortized on a straight line basis over its useful life.

d) Revenue

Contributions, including operating and capital funding from Saskatchewan Health - General Revenue Fund, are included in revenue in the year in which they are received or receivable.

## 3. Inventories

| | 2000 | 1999 |
|---|---|---|
| Drugs | $ 25,334 | $ 37,900 |
| General supplies | 11,855 | 18,242 |
| Medical and surgical supplies | 7,609 | 13,824 |
| | $ 44,798 | $ 69,966 |

## 4. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Carrying Amount | Net Carrying Amount |
| Land | $ 4,295 | $ --- | $ 4,295 | $ 4,295 |
| Building | 1,444,979 | 1,444,979 | --- | --- |
| Equipment | 480,387 | 430,022 | 50,365 | 42,613 |
| | $ 1,929,661 | $ 1,875,001 | $ 54,660 | $ 46,908 |

## 5. Long Term Advance

The advances received from Saskatchewan Health - General Revenue Fund are interest free and repayable at the discretion of Saskatchewan Health. Therefore, the fair value of the long term advance approximates its carrying value.

## 6. Related party transactions

Included in these financial statements are transactions with related parties. These related parties include various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan and non-crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at standard rates charged by the organizations under normal trade terms. These transactions and amounts outstanding at year end are included in the financial statements and the table below:

| | 2000 | 1999 |
|---|---|---|
| Prepaid expenses | $ 6,068 | $ 5,534 |
| Accounts payable and accrued liabilities | 50,068 | 3,107 |
| Expenses | 83,162 | 199,271 |

In addition, the Board pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 7. Pensions

Employees of the Board participate in the retirement plan of the Saskatchewan Association of Health Organizations (a related party) which is a multi-employer defined benefit pension plan. The Board's financial obligation to the plan is limited to making required payments to match amounts contributed by employees for current services. Pension expense for the year amounted to $17,948 (1999 - $26,428).

## 8. Athabasca Health Facility Project

The Board entered into an agreement with Saskatchewan Health on March 31, 1997. The agreement calls for Saskatchewan Health to provide funding to the Board for the purpose of administering the following agreements pertaining to the Athabasca Health Facility Project:

a) the Project Management Agreement between the Board and Cascade and Associates; and

b) the client/architect Agreement CCDC-6 between the Board and MANASC Architects Ltd.

During the year, the project was completed and the Board extinguished its responsibility for it. The unspent funds totalling $41,556 relate to a goods and services tax rebate for the Athabasca Health Facility Project. This amount has been set up as a payable to Athabasca Health Authority.

## 9. Financial instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows. Significant terms and conditions for the other financial instruments are disclosed separately in these financial statements.

b) Credit risk

The Board is exposed to credit risk from the potential non-payment of accounts receivable. The majority of the Board's receivables are with many customers, therefore credit risk is minimal.

c) Fair value

The carrying amount of these financial instruments approximate fair value due to their immediate or short-term nature.

cash
accounts receivable
bank overdraft
accounts payable
accrued salaries and vacation pay

## 10. Interfund Transfers

Interfund transfers consist of funds transferred from the Operating Fund to the Capital Fund to finance the purchase of capital assets.

## 11. Net Change in Non-Cash Working Capital

| | Operating Funds | | Restricted Funds | | | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | Capital Fund | Athabasca Health Facility Project | 2000 | 1999 |
| Decrease (increase) in receivables | $ 6,160 | $ (8,300) | $ --- | $ 31,387 | $ 31,387 | $ (31,387) |
| Decrease in inventories | 25,168 | 5,898 | --- | --- | --- | --- |
| (Increase) decrease in prepaid expense | (13,006) | 13,358 | --- | --- | --- | --- |
| (Decrease) increase in accounts payable | (79,677) | 40,060 | --- | 37,691 | 37,691 | (29,790) |
| | $ (61,355) | $ 51,016 | $ --- | $ 69,078 | $ 69,078 | $ (61,177) |

Schedule 1

## BOARD OF GOVERNORS, URANIUM CITY HOSPITAL
## SCHEDULE OF EXPENSES BY OBJECT
### For the year ended March 31

| | 2000 | 1999 |
|---|---|---|
| Salaries and other benefits | $ 914,153 | $ 1,152,881 |
| Medical, surgical, drugs and other patient supplies | 91,713 | 112,029 |
| Utilities | 121,947 | 147,518 |
| Repairs and maintenance | 10,296 | 24,272 |
| Dietetic/food supplies | 23,919 | 15,118 |
| Amortization expense | 8,845 | 26,315 |
| Staff education and travel | 107,309 | 118,916 |
| Other | | |
| - Board expenses | 60,054 | 59,634 |
| - Administrative | 160,547 | 96,836 |
| - Laundry and linen | 3,109 | 879 |
| - Housekeeping | 367 | 1,612 |
| - Ancillary operations | 79,084 | 72,134 |
| Athabasca Health Facility Project | 36,698 | 247,688 |
| | $ 1,618,041 | $ 2,075,832 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Health Services Utilization and Research Commission as at March 31, 2000 and the statements of revenue, expenses and changes in fund balance and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Health Services Utilization and Research Commission as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 25, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
## BALANCE SHEET
### As at March 31

| | 2000 | | | | | 1999 |
|---|---|---|---|---|---|---|
| | Operating Fund | Regionalization Research Centre (Note 10) | SPHERU (Note 11) | Regional Partnership Program (Note 12) | Total | Total (Restated) |
| **ASSETS** | | | | | | |
| Current assets: | | | | | | |
| Cash | $ 115,019 | $ 150 | $ — | $ — | $ 115,169 | $ 242,242 |
| Accrued Interest receivable | 14,349 | — | — | — | 14,349 | 10,781 |
| Accounts receivable | 43,564 | 12,655 | — | — | 56,219 | 108,428 |
| Short-term investments (Note 2(e) and 4) | 975,901 | 57,910 | 1,288,859 | 574,018 | 2,896,688 | 2,234,470 |
| Prepaid expenses | 3,620 | — | | | 3,620 | 18,586 |
| | 1,152,453 | 70,715 | 1,288,859 | 574,018 | 3,086,045 | 2,614,507 |
| Long-term investments (Note 2(e) and 4) | 4,112,070 | — | — | — | 4,112,070 | 3,231,791 |
| Capital assets (Note 2(c) and 6) | 90,456 | 11,053 | — | — | 101,509 | 112,817 |
| Total assets | $5,354,979 | $ 81,768 | $ 1,288,859 | $ 574,018 | $ 7,299,624 | $ 5,959,115 |
| **LIABILITIES & FUND BALANCE** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ 38,658 | $ 5,708 | $ — | $ — | $ 44,366 | $ 29,906 |
| Payroll liabilities | — | — | — | — | — | 11,242 |
| Grants payable | 725,201 | — | — | — | 725,201 | 416,538 |
| Deferred Revenue | — | — | — | — | — | 6,666 |
| Total liabilities | 763,859 | 5,708 | — | — | 769,567 | 464,352 |
| Fund balances: | | | | | | |
| Externally restricted | — | 76,060 | 538,859 | 474,018 | 1,088,937 | 1,116,874 |
| Internally restricted | 13,050 | — | 750,000 | 100,000 | 863,050 | 8,890 |
| Unrestricted | 4,578,070 | — | — | — | 4,578,070 | 4,368,999 |
| Fund balances (Statement 2) | 4,591,120 | 76,060 | 1,288,859 | 574,018 | 6,530,057 | 5,494,763 |
| Total liabilities & fund balance | $5,354,979 | $ 81,768 | $ 1,288,859 | $ 574,018 | $ 7,299,624 | $ 5,959,115 |

(See accompanying notes to the financial statements)

**Statement 2**

## HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
## STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
### Year Ended March 31

| | 2000 | | | | | | 1999 |
|---|---|---|---|---|---|---|---|
| | Operating Fund | | Regionalization Research Centre | SPHERU | Regional Partnership Program | Total | Total |
| | Budget | Actual | | | | | |
| | (Note 9) | | (Note 10) | (Note 11) | (Note 12) | | (Restated) |
| **Revenue:** | | | | | | | |
| Saskatchewan Health | | | | | | | |
| General Revenue Fund | $ 2,308,000 | $ 2,308,000 | $ — | $ 250,000 | $ 400,000 | $ 2,958,000 | $ 2,358,000 |
| SK Economic Co-operative Development | — | — | — | — | 250,000 | 250,000 | — |
| Federal Government | | | | | | | |
| Medical Research Council of Canada | — | 65,192 | — | — | — | 65,192 | 41,576 |
| Health Transition Fund | — | 43,460 | — | — | — | 43,460 | 227,520 |
| HealNet Research Project | — | — | 122,037 | — | — | 122,037 | 245,000 |
| CHSRF(Note 10(b)) | — | — | 18,000 | — | — | 18,000 | — |
| Recoveries | — | 14,114 | — | — | — | 14,114 | 55,390 |
| Interest | 325,000 | 384,550 | — | — | — | 384,550 | 351,786 |
| Miscellaneous | 10,000 | 15,758 | 850 | — | — | 16,608 | 25,759 |
| Total revenue | 2,643,000 | 2,831,074 | 140,887 | 250,000 | 650,000 | 3,871,961 | 3,305,031 |
| **Expenses:** | | | | | | | |
| Student grants | — | — | 8,925 | — | — | 8,925 | — |
| Research grants | 1,519,000 | 1,220,565 | — | 180,000 | 175,982 | 1,576,547 | 1,291,074 |
| Wages and benefits | 619,416 | 759,693 | 143,969 | — | — | 903,662 | 865,853 |
| Administrative and operating expenses | 184,298 | 196,361 | 44,748 | 5,752 | — | 246,861 | 409,652 |
| Honoraria and expenses of the board and committees | 25,400 | 30,478 | — | — | — | 30,478 | 28,022 |
| Amortization expense | — | 29,496 | 5,897 | — | — | 35,393 | 35,686 |
| Rent | — | 27,850 | 3,330 | — | — | 31,180 | 31,658 |
| Loss on disposal of capital assets | — | 3,400 | 221 | — | — | 3,621 | 1,613 |
| Total expenses | 2,348,114 | 2,267,843 | 207,090 | 185,752 | 175,982 | 2,836,667 | 2,663,558 |
| Excess of revenue over expenses | $ 294,886 | 563,231 | (66,203) | 64,248 | 474,018 | 1,035,294 | 641,473 |
| Fund balance, beginning of year | | 4,377,889 | 142,263 | 974,611 | — | 5,494,763 | 4,853,290 |
| Transfer between funds (Note 11 and 12) | | (350,000) | — | 250,000 | 100,000 | — | — |
| Fund balance, end of year (Statement 1) | | $ 4,591,120 | $ 76,060 | $ 1,288,859 | $ 574,018 | $ 6,530,057 | $ 5,494,763 |

(See accompanying notes to the financial statements)

Statement 3

# HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | Operating Fund | Regionalization Research Centre (Note 10) | SPHERU (Note 11) | Regional Partnership Program (Note 12) | Total 2000 | Total 1999 (Restated) |
|---|---|---|---|---|---|---|
| Cash provided by (used in): | | | | | | |
| Operating activities: | | | | | | |
| Excess of revenue over expenses (Statement 2) | $ 563,231 | $ (66,203) | $ 64,248 | $ 474,018 | $ 1,035,294 | $ 641,473 |
| Non-cash expenses: | | | | | | |
| Amortization expense | 29,496 | 5,897 | — | — | 35,393 | 35,686 |
| Loss on disposal of capital assets | 3,400 | 221 | — | — | 3,621 | 1,613 |
| Net Changes in non-cash working capital (Note 5) | 367,679 | 1,144 | — | — | 368,823 | (46,850) |
| | 963,806 | (58,941) | 64,248 | 474,018 | 1,443,131 | 631,922 |
| Investment activities: | | | | | | |
| Decrease(Increase) in short-term investments | 162,575 | 63,473 | (314,248) | (574,018) | (662,218) | (344,877) |
| Decrease (increase) in long-term investments | (880,279) | — | — | — | (880,279) | 35,336 |
| Purchases of capital assets | (23,175) | (4,532) | — | — | (27,707) | (8,751) |
| Proceeds from disposal of capital assets | — | — | — | — | — | 107 |
| | (740,879) | 58,941 | (314,248) | (574,018) | (1,570,204) | (318,185) |
| Net increase (decrease) in cash | 222,927 | — | (250,000) | (100,000) | (127,073) | 313,737 |
| Cash, beginning of year | 242,092 | 150 | — | — | 242,242 | (71,495) |
| Transfers between funds (Note 11 and 12) | (350,000) | — | 250,000 | 100,000 | — | — |
| Cash, end of year | $ 115,019 | $ 150 | $ — | $ — | $ 115,169 | $ 242,242 |

(See accompanying notes to the financial statements)

# HEALTH SERVICES UTILIZATION AND RESEARCH COMMISSION
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Establishment of the Commission

Order in Council 165/92 established the Health Services Utilization and Research Commission as a Crown corporation on February 20, 1992. The Commission has been continued pursuant to *The Health Services Utilization and Research Commission Act*. The Commission reviews, analyzes and makes recommendations as to the most effective utilization of health services in Saskatchewan and provides research funding.

## 2. Accounting Policies

The Health Services Utilization and Research Commission maintains its accounts using generally accepted accounting principles including the following significant accounting policies:

a) Fund Accounting

The accounts of the Commission are maintained in accordance with the principles of restricted fund accounting for contributions. For financial reporting purposes, accounts with similar characteristics have been combined into the following funds:

i) Operating Fund

The operating fund reflects the primary operations of the Board including Saskatchewan Health - General Revenue Fund revenues received to provide research funding to various researchers and to conduct in-house utilization research. Other revenue consists of Federal Government grants not restricted to HealNet Research Project, recoveries, interest and miscellaneous revenue. Expenses consist of the research grants awarded, cost of in-house utilization research and administrative costs.

ii) Restricted Fund – Regionalization Research Centre

The Regionalization Research Centre Fund reflects revenue received from the Networks of Centres of Excellence Program (Federal Government) and the Canadian Health Services Research Foundation (CHSRF). Expenses consist of costs of in-house and contract research staff and administrative costs. This fund was previously referred to as the HEALNet Research Project Fund.

iii) Restricted Fund – Saskatchewan Population Health and Evaluation Research Unit (SPHERU).

The SPHERU Fund reflects transfers from the Health Services Utilization and Research Commission, and revenue from Saskatchewan Health – General Revenue Fund for the Unit. Expenses consist of rent, board expenses and administrative costs.

iv) Restricted Fund – Saskatchewan – Medical Research Council Regional Partnership Program (RPP).

The RPP Fund reflects transfers from the Health Services Utilization and Research Commission, and revenue from Saskatchewan Health – General Revenue Fund & Saskatchewan Economic Co-operative Development. Expenses consist of research grants.

b) Research Grants

Annual Competitions

The Health Services Utilization and Research Commission holds annual competitions through which funds are awarded to successful applicants for terms of up to two years. The Commission expenses the approved funds for each year of the grant, provided recipients meet eligibility criteria. Awarded amounts not paid or payable at year-end are recorded as commitments in the notes to the financial statements.

The balance of funds advanced to administering institutions in excess of the current requirements of researchers is held in trust by those institutions until drawn down by the researchers. Funds not spent during the life of a successfully completed research grant are treated as a recovery in the year that this is determined. These funds are then available to be awarded for future research.

c) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives (3 to 10 years).

d) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

e) Investments

Investments are valued at the lower of amortized cost or net realizable value.

## 3. Change in Accounting Policy

Effective April 1, 1999, the Commission changed its accounting policy for research grants. The Commission expenses the approved funds for each year of the grant, provided recipients meet eligibility criteria. Awarded amounts not paid or payable at year-end are recorded as commitments. Previously, the total research grant for a recipient was expensed in the year when the Commission made the award. Amounts unpaid at year-end were recorded as liabilities.

This change in accounting policy has been applied retroactively and the 1999 financial statements have been restated. The effect of this accounting policy change is that liabilities decreased by $1.16 million (1999- decreased by $1.24 million), revenues decreased by $205,014 (1999- decreased by $17,633), expenses decreased by $123,798 (1999- decreased by $67,046) and excess of revenues over expenses decreased by $81,216 (1999- increased by $49,413).

## 4. Investments

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Carrying Value | Effective Rate | Carrying Value | Effective Rate |
| Short-term investments | $ 2,896,688 | | $ 2,234,470 | 4.7-7.6% |
| Long-term investments: | | | | |
| CIBC Strip Bonds, mature in 3 years | 603,483 | 6.3% | 567,362 | 6.3% |
| Province of Saskatchewan Strip Bonds, mature in 18 months | 273,404 | 6.0% | 963,467 | 6.0 - 8.7% |
| Province of British Columbia Strip Bonds, mature in 4-5 years | 1,275,844 | 6.1 – 6.5% | 1,195,878 | 6.1 - 6.5% |
| Province of Ontario Bond, matures in 5 years | 603,633 | 6.6% | — | — |
| Ontario Hydro Strip Bond, matured | — | — | 276,884 | 8.2% |
| Government of Canada Strip bond, matures in 14 months | 514,115 | 5.3% | — | — |
| Farm Credit Corporation Bond matures in 19 months | 513,391 | 5.5% | — | — |

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Carrying Value | Effective Rate | Carrying Value | Effective Rate |
| Province of Saskatchewan Savings Bond, matures in 4-5 years | 328,200 | 5.0% | 228,200 | 5.0% |
| | 4,112,070 | | 3,231,791 | |
| | $ 7,008,758 | | $ 5,466,260 | |

## 5. Changes in Components of Non-Cash Working Capital

| | Operating Fund | Regionalization Research Centre | Total 2000 | Total 1999 (restated) |
|---|---|---|---|---|
| (Increase) decrease in accrued interest receivable | $ (3,568) | $ — | $ (3,568) | $ 37,907 |
| Decrease (increase) in accounts receivable | 53,264 | (1,055) | 52,209 | (58,503) |
| Decrease (increase) in prepaid expenses | 14,202 | 764 | 14,966 | (17,826) |
| Increase (decrease) in accounts payable | 11,491 | 2,970 | 14,461 | (66,732) |
| (Decrease) increase in payroll liabilities | (9,707) | (1,535) | (11,242) | 11,242 |
| Increase in grants payable | 308,663 | --- | 308,663 | 40,396 |
| (Decrease) increase in deferred revenue | (6,666) | --- | (6,666) | 6,666 |
| Net changes in non-cash working capital | $ 367,679 | $ 1,144 | $ 368,823 | $ (46,850) |

## 6. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Furniture & Equipment | $ 241,865 | $ 140,356 | $ 101,509 | $ 112,817 |

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the Commission by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end are as follows:

| | 2000 | 1999<br>(restated) |
|---|---|---|
| Research grant, administrative and occupancy expenses: | | |
| Regina District Health Board | $ 31,047 | $ — |
| University of Regina | 107,631 | 92,071 |
| University of Saskatchewan | 1,466,243 | 1,189,017 |
| Saskatoon District Health Board | 65,922 | 82,965 |
| Moose Jaw-Thunder Creek Health District | — | 499 |
| Saskatchewan Health | 115 | 31,181 |
| Prince Albert Health District | 1,700 | 10,239 |
| Capital Pension Plan - employee benefits | 37,876 | 22,495 |
| Accounts payable | 31,864 | 18,122 |
| Grants payable | 725,201 | 416,538 |

The Commission pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes thereto.

## 8. Financial Instruments

The Commission has the following financial instruments: accrued interest receivable, accounts receivable, investments, accounts payable, and grants payable. The following paragraphs disclose the significant aspects of these financial instruments.

a) Significant terms and conditions

There are no significant terms and conditions associated with the financial instruments, other than investments, that may affect the amount, timing, and certainty of future cash flows. Significant terms and conditions for investments are described separately in these financial statements and the notes thereto.

b) Interest rate risk

The Commission is exposed to interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates.

The Commission's receivables and payables are non-interest bearing. Due to the short-term nature of these, as well as cash and short-term investments, interest rate risk is minimal.

As market interest rates fluctuate the market value of long-term investments moves in the opposite direction. This risk will affect the price the Commission could sell the investments for prior to maturity.

c) Credit risk

The Commission is exposed to credit risk from potential non-payment of accounts receivable or investment income and principal.

Most of the Commission's receivables are from provincial and federal governments, therefore the credit risk is minimal.

The Commission's investments consist of provincial and federal government bonds, promissory notes, treasury bills and bankers acceptances with large Canadian banks. Therefore, credit risk for investments and related accrued interest receivable is minimal.

d) Fair Value

For the following financial instruments, the carrying amounts approximate fair value due to their immediate or short-term nature:

Accrued interest receivable
Accounts receivable
Short-term investments
Accounts payable
Payroll liabilities
Grants payable

The fair value of long-term investments is $ 4,112,070 (1999 - $3,570,077). The fair value is considered to approximate quoted market values.

## 9. Budget

These amounts represent the operating budget approved by the Board on June 14,1999.

## 10. Regionalization Research Centre

### a) Networks of Centres of Excellence Program (NCE) - HEALNet Research Project

Previous agreement: September 1995 to June 30, 1999

In September 1995, the Commission was awarded approximately $1 million from the Federal Government as a participant in a NCE Competition. The money is to be received over 3 ½ years and is restricted for research in the area of health evidence-based information and decision tools. The restricted contributions are recognized as revenue of the Regionalization Research Centre funds when received or receivable.

The allocation for 1998/1999 was $245,000, which included the final payment for the project under the first multi-year agreement.

In 1998/1999, the Commission spent $277,674 (from NCE funds which included the $245,000 allocation plus amounts carried over from previous years).

Current agreement: July 1, 1999 to June 30, 2002

Beginning July 1, 1999, HEALNet was renewed for another 3 years. The Commission received an allocation of $157,800 for use in the 1999/2000 year. In addition, the Commission was allowed to retain a portion of the unused funding from previous years and returned $35,763 to the NCE, resulting in revenue of $122,037.

The Commission spent $207,090 during the 1999/2000 year. The Commission was allowed to retain a portion of the unused funding for use in the 2000/2001 year and will be returning $21,943 to the NCE.

### b) Canadian Health Services Research Foundation (CHSRF)

In 1999/2000, the Commission received for the Regionalization Research Centre, a grant from the Canadian Health Services Research Foundation. The two year grant is $20,000, for the period November 1, 1999 to October 31, 2001. In 1999/2000, $18,000 was received and $4,385 spent.

## 11. Saskatchewan Population Health Evaluation and Research Unit (SPHERU)

On July 9, 1999, the Saskatchewan Population Health and Evaluation Research Unit, Inc. (SPHERU) was incorporated as a separate entity under *The Non-Profit Corporations Act, 1995.* This corporation focuses on enhancing health and social planning, evaluating health system changes, improving health information use for planning and evaluation and health policy development.

The corporation is funded by Saskatchewan Health and HSURC which provided $250,000 each during the year. HSURC administers the funds for the corporation and distributed $180,000 to SPHERU, Inc. during the year. The Commission spent $5,752 (1999 - $11,527) on expenses related to SPHERU, before its incorporation. Unused funding is retained for use in the 2000/01 year.

## 12. Saskatchewan - Medical Research Council Regional Partnership Program

The program was set up in 1999/2000 to provide funding support for Saskatchewan researchers and research projects. During the year, the program received funding from Saskatchewan Health, Saskatchewan Economic and Co-operative Development and HSURC, which provided $400,000, $250,000 and $100,000 respectively. HSURC agreed to manage the funds for the program, in a signed agreement with Saskatchewan Economic and Co-operative Development.

## 13. Commitments

At March 31, 2000, the Commission had the following commitments:

a) Research Grants

The Board has approved research grants for payment in 2000/2001 of $851,360 in 2001/2002 of $278,042; and in 2002/2003 of $27,487.

b) SPHERU

Under a memorandum of understanding, signed October 31, 1999, HSURC will pay SPHERU $250,000 per year for the next seven years.

## 14. Comparative Figures

Certain 1998-99 balances have been restated to conform with the current year's presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Cancer Foundation as at March 31, 2000 and the statements of operations and changes in fund balances, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 16, 2000

G.F. Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

# SASKATCHEWAN CANCER FOUNDATION
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | | | | | | 1999 |
|---|---|---|---|---|---|---|---|
| | Operating Funds | | Restricted Funds | | | | |
| | Operating Fund | Division of Prevention & Early Detection | Capital Fund | Research Fund | Trust Fund | Total | Total (Note 12) |
| **ASSETS** | | | | | | | |
| Current assets: | | | | | | | |
| Cash and short-term investments (Schedule 2) | $ 803,947 | $ 153,353 | $ 3,947,417 | $ 234,292 | $ 344,613 | $ 5,483,622 | $ 4,157,005 |
| Accounts receivable: | | | | | | | |
| - Other and accrued interest | 351,137 | 48,385 | 70,810 | --- | 27,802 | 498,134 | 598,741 |
| Prepaid expenses | 82,784 | --- | --- | 8,255 | --- | 91,039 | 129,691 |
| Due (to) from other funds | (188,298) | (35,457) | 386,327 | (74,746) | (87,826) | --- | --- |
| | 1,049,570 | 166,281 | 4,404,554 | 167,801 | 284,589 | 6,072,795 | 4,885,437 |
| Investments (Schedule 2) (Market $11,375,341; 1999 - $9,824,039) | 8,144,330 | 1,979,980 | 489,650 | --- | 1,024,500 | 11,638,460 | 9,618,610 |
| Capital assets (Note 3) | --- | --- | 20,530,747 | --- | --- | 20,530,747 | 22,221,620 |
| | $ 9,193,900 | $ 2,146,261 | $ 25,424,951 | $ 167,801 | $ 1,309,089 | $ 38,242,002 | $ 36,725,667 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts payable: | | | | | | | |
| - Trade | $ 2,211,861 | $ 148,508 | $ 128,898 | $ 17,918 | $ 656 | $ 2,507,841 | $ 2,573,420 |
| - Vacation | 447,626 | 5,362 | --- | --- | --- | 452,988 | 375,565 |
| Deferred revenue | 839,936 | --- | --- | --- | --- | 839,936 | 819,615 |
| | 3,499,423 | 153,870 | 128,898 | 17,918 | 656 | 3,800,765 | 3,768,600 |
| Fund Balances: | | | | | | | |
| Invested in capital assets | --- | --- | 20,530,747 | --- | --- | 20,530,747 | 22,221,620 |
| Other capital fund net assets | --- | --- | 4,765,306 | --- | --- | 4,765,306 | 1,546,435 |
| Externally restricted, statement 2 | --- | --- | --- | 149,883 | 1,308,433 | 1,458,316 | 1,358,904 |
| Unrestricted, statement 2 | 5,694,477 | 1,992,391 | --- | --- | --- | 7,686,868 | 7,830,108 |
| | 5,694,477 | 1,992,391 | 25,296,053 | 149,883 | 1,308,433 | 34,441,237 | 32,957,067 |
| | $ 9,193,900 | $ 2,146,261 | $ 25,424,951 | $ 167,801 | $ 1,309,089 | $ 38,242,002 | $ 36,725,667 |

(See accompanying notes to the financial statements)

Statement 2

# SASKATCHEWAN CANCER FOUNDATION
## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
### Year ended March 31

| | Operating Funds | | | | Restricted Funds | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Operating Fund | Division of Prevention & Early Detection | Total 2000 | Total 1999 | Capital Fund | Research Fund | Trust Fund | Total 2000 | Total 1999 |
| **Revenues:** | | | | | | | | | |
| Funding from the Department of Health - General Revenue Fund | $ 30,115,899 | $ 1,981,229 | $ 32,097,128 | $ 27,745,204 | $ 1,506,314 | $ 345,000 | $ — | $ 1,851,314 | $ 402,600 |
| Grants | — | — | — | — | — | 325,478 | — | 325,478 | 179,162 |
| Donations and bequests | — | — | — | — | — | — | 306,682 | 306,682 | 212,955 |
| Other income (loss) | 881,116 | 39,120 | 920,236 | 878,051 | (103) | 334,736 | — | 334,633 | (1,709) |
| | 30,997,015 | 2,020,349 | 33,017,364 | 28,623,255 | 1,506,211 | 1,005,214 | 306,682 | 2,818,107 | 793,008 |
| **Expenses:** | | | | | | | | | |
| Divisions and general administration | | | | | | | | | |
| Salaries and employee benefits | 16,840,606 | 1,276,319 | 18,116,925 | 15,748,020 | — | — | — | — | — |
| Drugs and medical supplies | 8,182,217 | — | 8,182,217 | 6,323,992 | — | — | — | — | — |
| Purchased services | 1,530,522 | — | 1,530,522 | 1,317,431 | — | — | — | — | — |
| Other operating expenditures | 3,239,383 | 783,374 | 4,022,757 | 3,490,750 | — | — | 56,155 | 56,155 | 82,752 |
| Research grants (Schedule 1) | — | — | — | — | — | 959,157 | — | 959,157 | 804,383 |
| Trust fund grants | — | — | — | — | — | — | 48,045 | 48,045 | 58,121 |
| | 29,792,728 | 2,059,693 | 31,852,421 | 26,880,193 | — | 959,157 | 104,200 | 1,063,357 | 945,256 |
| | 1,204,287 | (39,344) | 1,164,943 | 1,743,062 | 1,506,211 | 46,057 | 202,482 | 1,754,750 | (152,248) |
| Investment income | 657,347 | 140,504 | 797,851 | 739,375 | 94,874 | 9,402 | 84,042 | 188,318 | 262,491 |
| | 1,861,634 | 101,160 | 1,962,794 | 2,482,437 | 1,601,085 | 55,459 | 286,524 | 1,943,068 | 110,243 |
| Less amortization expense | — | — | — | — | 2,421,692 | — | — | 2,421,692 | 2,425,328 |
| Excess (deficiency) of revenues over expenses | 1,861,634 | 101,160 | 1,962,794 | 2,482,437 | (820,607) | 55,459 | 286,524 | (478,624) | (2,315,085) |
| Fund balances, beginning of year | 5,694,477 | 2,135,631 | 7,830,108 | 5,863,887 | 23,768,055 | 80,959 | 1,277,945 | 25,126,959 | 26,925,828 |
| Interfund transfers (Note 10) | (1,861,634) | (244,400) | (2,106,034) | (516,216) | 2,348,605 | 13,465 | (256,036) | 2,106,034 | 516,216 |
| Fund balances, end of year | $ 5,694,477 | $ 1,992,391 | $ 7,686,868 | $ 7,830,108 | $ 25,296,053 | $ 149,883 | $ 1,308,433 | $ 26,754,369 | $ 25,126,959 |

(See accompanying notes to the financial statements)

Statement 3

# SASKATCHEWAN CANCER FOUNDATION
## STATEMENT OF CASH FLOWS
## Year Ended March 31

| | 2000 | 1999<br>(Note 12) |
|---|---|---|
| Cash resources provided by (used in): | | |
| OPERATING ACTIVITIES: | | |
| Excess (deficiency) of revenues over expenses (Statement 2): | | |
| Operating fund | $ 1,861,634 | $ 2,162,325 |
| Division of Prevention & Early Detection | 101,160 | 320,112 |
| Research fund | 55,459 | (268,277) |
| Trust fund | 286,524 | 279,077 |
| | 2,304,777 | 2,493,237 |
| Net change in non-cash working capital (Note 4) | 171,424 | 653,624 |
| Net cash (used in) provided by operating activities | 2,476,201 | 3,146,861 |
| INVESTMENT ACTIVITIES: | | |
| Net acquisition of capital assets | (730,819) | (1,438,209) |
| Net acquisition of investments | (2,019,850) | (330,172) |
| FINANCING ACTIVITIES: | | |
| Payment from General Revenue Fund for capital assets | 1,506,314 | 57,600 |
| Other capital fund activities | 94,771 | 41,843 |
| Net change in cash resources during the year | 1,326,617 | 1,477,923 |
| Cash and short-term investments, beginning of year | 4,157,005 | 2,679,082 |
| Cash and short-term investments, end of year | $ 5,483,622 | $ 4,157,005 |

(See accompanying notes to the financial statements)

# SASKATCHEWAN CANCER FOUNDATION
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Legal Status of the Saskatchewan Cancer Foundation

The Foundation was created under provisions of *The Cancer Foundation Act* and commenced operations on August 1, 1979. The Foundation conducts a program for the treatment and prevention of cancer.

## 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant policies:

a) Fund accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funding groups:

Unrestricted Funds

i) Operating Fund

The Operating Fund reflects the operations of the Allan Blair Cancer Centre, the Saskatoon Cancer Centre, and their respective patient lodges. Also included are research, public education, and communication activities.

The Cancer Centres provide diagnostic services, treatment services in radiotherapy and chemotherapy, and follow-up services. They serve as the focal points for the co-ordination of a comprehensive and multi-disciplinary approach to all aspects of care and treatment for cancer patients. The patient lodges provide housing for rural patients who are undergoing treatment at the Cancer Centres.

Research activities include basic and epidemiological research. Basic research attempts to understand, at the cellular and molecular level, the underlying differences between normal and cancerous cells. Epidemiological research involves studying the distribution and determinants of various cancers in specific populations and the application of these studies to cancer control.

Public education and communications through written, oral, and visual media are integral components of a diverse cancer care program.

ii) Prevention & Early Detection

Prevention and early detection programs in this fund are aimed at minimizing the impact of cancer through prevention and control. The Screening Program for Breast Cancer has responsibility for screening mammography for women ages 50-69 years of age in the Province.

Restricted Funds

iii) Capital Fund

The Capital Fund reflects the equity of the Foundation in capital assets. The Capital Fund includes revenues received from the Department of Health - General Revenue Fund. Expenses are primarily amortization of capital assets.

iv) Research Fund

The Department of Health - General Revenue Fund has provided funding to enable the Foundation to support a number of research projects. The Department of Health has attached the following guidelines to the funds:

a) Expenditure of these funds is at the discretion of the Foundation. The Foundation will assume responsibility for research costs in excess of the amount funded.

b) Research funds, including investment income on the funds, should be kept separate from other funds of the Foundation.

Activities of the fund include clinical trials research which is a scientific method for testing new or combinations of existing treatment modalities against the current standard of treatment for that specific cancer.

v) Trust Fund

The Trust Fund accepts donations for contributions designated by the contributors to be used for such purposes as cancer research, equipment and library books. The Foundation maintains a record of the funds contributed and spent for each of the designated purposes until such funds are fully utilized.

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b) Revenue

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable.

c) Investments

Investments are valued at the lower of cost or net realizable value.

d) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 20 years |
| Leasehold Alterations | 10 - 20 years |
| Equipment | 5 - 10 years |

## 3. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land & Improvements | $ 280,297 | $ --- | $ 280,297 | $ 280,297 |
| Buildings | 18,236,378 | 11,394,982 | 6,841,396 | 7,752,999 |
| Leasehold Alterations | 10,028,181 | 2,389,839 | 7,638,342 | 8,145,343 |
| Equipment & Furniture | 20,407,586 | 14,636,874 | 5,770,712 | 6,042,981 |
| | $ 48,952,442 | $ 28,421,695 | $ 20,530,747 | $ 22,221,620 |

## 4. Net Change in Non-Cash Working Capital Balances Related to Operations

| | 2000 | 1999 |
|---|---|---|
| Decrease in accounts receivable | $ 100,607 | $ 20,161 |
| Decrease (increase) in prepaid expenses | 38,652 | (75,826) |
| (Decrease) increase in trade accounts payable | (65,579) | 455,596 |
| Increase in vacation accrual | 77,423 | 60,692 |
| Increase in deferred revenue | 20,321 | 193,001 |
| Net change in non-cash working capital balances related to operations | $ 171,424 | $ 653,624 |

## 5. Pension Plan

The Foundation participates in The Public Employees' Pension Plan, a defined contribution pension plan, for the benefit of its employees. The Foundation's financial obligation to the plan is limited to making regular payments to match the amount contributed by the employees for current services. The Foundation's pension expense for 2000 amounted to $669,591 (1999 - $573,363).

## 6. Commitments

The Foundation is committed under term leases for office space at the following minimum amounts over the next five years (exclusive of proportionate increases and additional occupancy costs):

| | |
|---|---|
| 2001 | $ 96,011 |
| 2002 | 25,927 |
| 2003 | --- |
| 2004 | --- |
| 2005 | --- |

The Foundation has a $3 million commitment to complete the purchase and installation of radiation therapy equipment at the Saskatoon Cancer Centre during the next fiscal year.

## 7. Cancer Patient Lodges

The Canadian Cancer Society, Saskatchewan Division, has donated two cancer patient lodges in the Province to the Foundation. Under the terms of an agreement with the Society, the Foundation has assumed responsibility for the operations of these lodges. Title to the properties will remain with the Foundation so long as they are operated as cancer patient lodges.

## 8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Foundation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Drugs and purchased hospital services acquired from related parties are recorded at exchange amounts agreed to by the related parties. These transactions and amounts outstanding at year end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Expenses | $ 12,013,368 | $ 10,467,257 |
| Accounts payable | 1,994,924 | 1,600,051 |

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Expenses | $ 1,577,718 | $ 1,206,278 |
| Accounts payable | 108,633 | 32,603 |

In addition, the Foundation pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Regina Clinic is leased from the Regina District Health Board for $1 per year, including a portion of occupancy costs. The Saskatoon Clinic building owned by the Foundation is situated on land not owned by the Foundation. The Foundation is not charged for the use of this land.

Other amounts and transactions with related parties and the terms of settlement are described separately in these financial statements and notes thereto.

## 9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing and certainty of future cash flows.

b) Interest rate risk

The Foundation is exposed to the following interest rate risk when the value of its financial instruments fluctuate due to changes in market interest rates:

- The interest rate risk for the Foundation's receivables and payables is minimal because they are non-interest bearing and of a short-term nature.
- As market interest rates fluctuate, the market value of long-term investments moves in the opposite direction. This risk will affect the selling price of investments if they are sold prior to maturity. Due to the size and nature of the Foundation's investment portfolio and its future cash flow needs, the Foundation is able to manage the timing of investment disposals in a manner that minimizes the interest rate risk.

c) Credit risk

The Foundation is exposed to credit risk from potential non-payment of accounts receivable or investment income and principle. The credit risk for the Foundation's receivables is minimal because they are mostly from the Department of Health – General Revenue Fund or other government organizations. The credit risk for the Foundation's investments and related accrued interest receivable is minimal because investments consist of provincial government bonds and debentures, corporate bonds, and guaranteed investment certificates with large Canadian banks.

d) Fair value

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- The carrying value of the following financial instruments approximate fair value due to their immediate or short-term nature:

  Cash and short-term investments
  Accounts receivable
  Accounts payable

- For investments, the fair value is considered to approximate quoted market values.

## 10. Interfund Transfers

Interfund transfers consist of funds transferred from the Operating, Division of Prevention and Early Detection, Research, and Trust Funds to the Capital Fund to finance the purchase of capital assets and funds transferred from the Operating Fund to the Research Fund for research activities.

## 11. Budgets

Schedule 3 compares actual expenditures to Board approved budgeted expenditures for the year ended March 31, 2000.

## 12. Comparative Information

Certain 1998-99 balances have been reclassified to conform with the current year's presentation.

## 13. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or third parties, have been fully resolved.

Schedule 1

# SASKATCHEWAN CANCER FOUNDATION RESEARCH FUND
## SCHEDULE OF RESEARCH GRANTS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Participation in North Central Cancer Treatment Group | $ 460,906 | $ 378,440 |
| Participation in Children's Cancer Group | 215,088 | 175,084 |
| Research Director Fund, Saskatoon | 415 | 1,256 |
| Cell Surface Characteristics of Metastatic Cells in Human Tumors, Saskatoon | 71,192 | 56,833 |
| Novapharm Biotech, Saskatoon | --- | (2,379) |
| Molecular basis of B72.3 Combining Sites and Synthesis, Saskatoon | 53,027 | 78,019 |
| Radiation Therapy Oncology Group, Saskatoon | 35,580 | 28,929 |
| Ovarian Cancer in Saskatchewan Patients, Saskatoon | --- | 5,348 |
| Identification of p85 SH2 Binding Proteins, Saskatoon | 14,319 | 60,596 |
| C-Src and Colon Cancer, Saskatoon | 17,284 | 10,048 |
| Genomic Instability | 10,593 | 4,263 |
| Prostate Patient Immobilization | 1,423 | 13,328 |
| Cranial Irradiation Revisited | 12,161 | --- |
| Role of A-Raf-1 | 68,368 | --- |
| Total | 960,356 | 809,765 |
| Less capital expenditures | (1,199) | (5,382) |
| | $ 959,157 | $ 804,383 |

Schedule 2

## SASKATCHEWAN CANCER FOUNDATION
## SCHEDULE OF INVESTMENTS
## Year Ended March 31, 2000

| | Carrying Value | Maturity Date | Effective Rate |
|---|---|---|---|
| Cash and short-term investments: | | | |
| Cash: | | | |
| Royal Bank of Canada | $ 4,285,872 | --- | 4.82% |
| Short-term investments: | | | |
| Canadian Western Bank GIC | 900,000 | 08/14/00 | 5.50% |
| Bank of Nova Scotia Euro Bond | 297,750 | 03/08/01 | 6.81% |
| | 1,197,750 | | |
| | 5,483,622 | | |
| Long-term investments: | | | |
| Province of Saskatchewan Savings Bond | 300,000 | 07/15/01 | 5.50% |
| Province of Saskatchewan Savings Bond | 2,000,000 | 07/15/03 | 5.00% |
| Province of Ontario Bond | 1,995,200 | 09/12/07 | 6.25% |
| Province of Saskatchewan Savings Bond | 497,000 | 05/28/08 | 5.58% |
| Province of Manitoba Bond | 995,000 | 06/02/08 | 5.90% |
| Province of Saskatchewan Savings Bond | 489,650 | 06/02/08 | 5.88% |
| Royal Bank of Canada Bond | 993,860 | 06/11/09 | 5.24% |
| Province of Manitoba Bond | 988,700 | 09/01/09 | 6.51% |
| TD Capital Trust Securities | 350,000 | 12/31/09 | 7.75% |
| Bank of Nova Scotia Bond | 1,018,500 | 07/22/13 | 5.54% |
| Bank of Nova Scotia Bond | 489,250 | 05/12/14 | 6.13% |
| Province of New Brunswick Bond | 496,800 | 12/27/17 | 6.06% |
| Province of Newfoundland Debentures | 1,024,500 | 04/17/28 | 5.97% |
| | 11,638,460 | | |
| Total cash and investments | $ 17,122,082 | | |

(See accompanying notes to the financial statements)

Schedule 3

# SASKATCHEWAN CANCER FOUNDATION
## COMPARISON OF BUDGET TO ACTUAL
### Year Ended March 31, 2000

| | Operating Fund | | Division of Prevention & Early Detection | |
|---|---|---|---|---|
| | Actual | Budget | Actual | Budget |
| Revenues: | | | | |
| Funding from the Department of Health - General Revenue Fund | $30,115,899 | $ 29,466,364 | $ 1,981,229 | $ 1,981,236 |
| Other income | 881,116 | 549,039 | 39,120 | 156,500 |
| | 30,997,015 | 30,015,403 | 2,020,349 | 2,137,736 |
| Expenses: | | | | |
| Salaries & employee benefits | 16,840,606 | 18,067,605 | 1,276,319 | 1,370,308 |
| Drugs and medical supplies | 8,182,217 | 8,110,134 | — | — |
| Purchased services | 1,530,522 | 1,623,408 | --- | — |
| Other operating expenditures | 3,239,383 | 3,045,877 | 783,374 | 887,428 |
| | 29,792,728 | 30,847,024 | 2,059,693 | 2,257,736 |
| | 1,204,287 | (831,621) | (39,344) | (120,000) |
| Investment income | 657,347 | 400,000 | 140,504 | 120,000 |
| Excess (deficiency) of revenues over expenses | $ 1,861,634 | $ (431,621) | $ 101,160 | $ --- |

(See accompanying notes to the financial statements)

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Health Information Network (the Corporation) as at March 31, 2000 and the statements of operations and accumulated surplus, cash flows and tangible capital assets for the year then ended. The Corporation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Corporation received grants from Saskatchewan Health for the purposes of developing the Saskatchewan Health Information Network, a tangible capital asset. The Corporation recorded these grants as revenue in the year they were received. However, grants received for the purposes of acquiring tangible capital assets should be recorded as revenue when the related tangible capital assets are acquired. Any grants received in advance should be recorded as deferred revenue. Had the Corporation properly recorded these grants, deferred revenue would increase and accumulated surplus at the end of the year would decrease by $1,404,000 (1999 – $3,761,000). For 2000, revenue would increase and the deficit for the year would decrease by $2,357,000 (1999 - $9,401,000) and the accumulated surplus at the beginning of 1999 would decrease by $13,162,000.

In my opinion, except for the effects of the failure to properly record grants as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 13, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## SASKATCHEWAN HEALTH INFORMATION NETWORK
## STATEMENT OF FINANCIAL POSITION
### As at March 31
### (thousands of dollars)

| | 2000 | 1999<br>(Restated) |
|---|---|---|
| **Financial assets:** | | |
| Due from General Revenue Fund (Note 5) | $ 1,364 | $ 4,787 |
| Accounts receivable | | |
| - Saskatchewan Health | 2,205 | --- |
| - Other | 42 | 115 |
| Total financial assets | 3,611 | 4,902 |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities | 1,661 | 2,071 |
| **Accumulated surplus (Statement 2)** | $ 1,950 | $ 2,831 |
| Accumulated surplus represented by: | | |
| Accumulated operating results | 17,395 | 15,325 |
| Less tangible capital assets (Statement 4) | (15,445) | (12,494) |
| | $ 1,950 | $ 2,831 |

(See accompanying notes to financial statements)

Statement 2

## SASKATCHEWAN HEALTH INFORMATION NETWORK
## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended March 31
(thousands of dollars)

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 4) | Actual | Actual (Restated) |
| **Revenue:** | | | |
| Grants from Saskatchewan Health | $ 10,000 | $ 9,600 | $ 5,000 |
| Interest & other revenue | --- | 565 | 616 |
| Total revenues | 10,000 | 10,165 | 5,616 |
| **Expenses:** | | | |
| Salaries and benefits | 468 | 434 | 381 |
| Board expenses | 61 | 28 | 46 |
| Purchased services | 4,630 | 3,117 | 5,899 |
| Ongoing operations | 1,690 | 2,391 | 186 |
| Amortization | 5,000 | 2,033 | 5 |
| Miscellaneous expenses | 124 | 92 | 169 |
| Total expenses | 11,973 | 8,095 | 6,686 |
| Operating results | $ (1,973) | 2,070 | (1,070) |
| Net (increase) in tangible capital assets | --- | (2,951) | (9,396) |
| **Deficit for the year** | $ (1,973) | (881) | (10,466) |
| **Accumulated surplus, beginning of year** | | 2,831 | 13,297 |
| **Accumulated surplus, end of year (Statement 1)** | | $ 1,950 | $ 2,831 |

(See accompanying notes to financial statements)

Statement 3

# SASKATCHEWAN HEALTH INFORMATION NETWORK
## STATEMENT OF CASH FLOWS
For the Year Ended March 31
(thousands of dollars)

| | 2000 | 1999<br>(Restated) |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Deficit for the year | $ (881) | $ (10,466) |
| Changes in non-cash working capital balances: | | |
| Increase in accounts receivable | (2,132) | (115) |
| Decrease in accounts payable and accrued liabilities | (410) | (205) |
| **Decrease in cash for the year** | (3,423) | (10,786) |
| Due from General Revenue Fund, beginning of year | 4,787 | 15,573 |
| Due from General Revenue Fund, end of year | $ 1,364 | $ 4,787 |

(See accompanying notes to financial statements)

Statement 4

## SASKATCHEWAN HEALTH INFORMATION NETWORK
## STATEMENT OF TANGIBLE CAPITAL ASSETS

For the Year Ended March 31
(thousands of dollars)

| | 2000 | | | | | | | 1999 |
|---|---|---|---|---|---|---|---|---|
| | Desktop Computer Hardware | Computer Network Hardware | Desktop Computer Software | Licensed or Multiple Application Software | Office Furniture & Equipment | System Development Costs | Total | Total |
| Opening costs | $ 324 | $ 1,678 | $ 241 | $ 3,747 | $ 3 | $ 6,506 | $ 12,499 | $ 3,097 |
| Additions during the year | --- | 1,952 | 142 | 1,467 | --- | 1,423 | 4,984 | 9,402 |
| Disposals | --- | --- | --- | --- | --- | --- | --- | --- |
| Closing cost | 324 | 3,630 | 383 | 5,214 | 3 | 7,929 | 17,483 | 12,499 |
| Opening accumulated amortization | 5 | --- | --- | --- | --- | --- | 5 | --- |
| Annual amortization | 108 | 453 | 115 | --- | 1 | 1,356 | 2,033 | 5 |
| Disposals | --- | --- | --- | --- | --- | --- | --- | --- |
| Closing accumulated amortization | 113 | 453 | 115 | --- | 1 | 1,356 | 2,038 | 5 |
| Net book value of tangible capital assets | $ 211 | $ 3,177 | $ 268 | $ 5,214 | $ 2 | $ 6,573 | $ 15,445 | $ 12,494 |

(See accompanying notes to financial statements)

# SASKATCHEWAN HEALTH INFORMATION NETWORK
## NOTES TO THE FINANCIAL STATEMENTS
## MARCH 31, 2000

---

### 1. Description of Business

The Saskatchewan Health Information Network (the Corporation) was established as a Treasury Board Crown Corporation by Order in Council 581/1997 under the provisions of *The Crown Corporations Act, 1993* (Act) effective August 19, 1997.

The Corporation was created to design, implement, own, operate, and manage the Saskatchewan Health Information Network (SHIN). The Corporation's purpose is to foster the development of the health information technology sector, to foster re-engineering of health delivery processes and to protect health information as a strategic resource.

Development of the Corporation's main initiative, the SHIN (computer system), commenced after the project received Cabinet approval on June 30, 1997.

### 2. Significant Accounting Policies

These financial statements are prepared using accounting principles appropriate for the public sector and reflect the following significant accounting principles.

a) The Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

Contributions from Saskatchewan Health - General Revenue Fund or other sources are included in revenue when received or receivable.

c) Expenses

Expenses represent the cost of resources consumed during the year for operations. Expenses include provision for the amortization of tangible capital assets.

### d) Tangible Capital Assets

Tangible capital assets are recorded at cost and are amortized over their useful life. Amortization is recorded, commencing with the quarter after the assets are placed into service, on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| • Desktop Computer Hardware | 3 years |
| • Computer Software | 3 years |
| • Network Hardware, Software & System Development Costs | 5 years |
| • Office Equipment | 5 years |
| • Office Furniture | 10 years |

The Licensed or Multiple Application Software is not yet placed in service and therefore no amortization is recorded.

### e) Net increase in tangible capital assets

The net increase in tangible capital assets represents adjustments required to report the surplus (deficit) for the year on an expenditure basis.

## 3. Change in Accounting Policy

Recently the Public Sector Accounting Board (PSAB) provided guidance on accounting policies and financial statement presentation for public sector organizations. Effective April 1, 1999, the Corporation adopted the PSAB recommendations.

As a result, the Corporation changed its accounting policy for the recording of tangible capital assets. The Corporation now records the net increase in tangible capital assets as an adjustment to report the surplus for the year on an expenditure basis.

This change in accounting policy has been applied retroactively and the 1999 financial statements have been restated. The effect of this accounting policy change is that the tangible capital assets are no longer reported on the statement of financial position, accumulated surplus decreased by $15,445,000 (1999 - $12,494,000), and the deficit for the year increased by $2,951,000 (1999 – $9,396,000).

4. Budget

The Corporation's operating budget was approved by the Board. This budget was prepared using the Corporation's previous accounting policies, and therefore the budgeted amounts for revenues and net increase in tangible capital assets are not comparable to the current years' presentation.

5. Due from the General Revenue Fund

The Corporation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily account balance. The Government's average thirty day borrowing rate for 1999/00 is 4.79% (1998/99 – 5.04%).

6. Commitment

At March 31, 2000, the Corporation had, by agreement, the following commitment:

Agreement with SAIC

On March 11, 1998, the Corporation entered into a service agreement pursuant to Order in Council 161/1998 with the Science Applications International Corporation Canada (SAIC) to implement the SHIN computer system. The Agreement allows for SHIN to divide the project into small pieces of work and then commit to those specific segments. As at March 31, 2000, $1.1 million (1999 - $5.3 million) is committed on this project.

7. Related Parties

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Corporation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 8. Financial Instruments

The Corporation's financial instruments include due from the General Revenue Fund, accounts receivable, and accounts payable. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

## 9. Comparative Information

Certain 1998-99 balances have been re-classified to conform with the current year's presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the St. Louis Alcoholism Rehabilitation Centre Inc. as at March 31, 2000 and the statements of operations, cash flows, and changes in net assets for the year then ended. The Centre's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the St. Louis Alcoholism Rehabilitation Centre Inc. as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

F Wendel

Regina, Saskatchewan
July 19, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
## STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash | $ 4,736 | $ 10,445 |
| Restricted cash | 20,000 | 38,083 |
| Accounts receivable | 2,524 | 3,217 |
| Inventory, at cost | 13,581 | 8,173 |
| Prepaid expenses | — | 2,766 |
| Total current assets | 40,841 | 62,684 |
| Capital assets (note 6) | 63,348 | 24,929 |
| | $ 104,189 | $ 87,613 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities | | |
| Accounts payable and accrued charges | $ 4,182 | $ 6,426 |
| Due to Saskatchewan Health | 554 | — |
| Total current liabilities | 4,736 | 6,426 |
| Net Assets (note 5) | | |
| Net assets invested in capital assets | 63,348 | 24,929 |
| Net assets externally restricted | | |
| - Equipment and furnishings reserve | 20,000 | 38,083 |
| Unrestricted net assets | 16,105 | 18,175 |
| Total net assets (statement 4) | 99,453 | 81,187 |
| | $ 104,189 | $ 87,613 |

(See accompanying notes to the financial statements)

Statement 2

## ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
## STATEMENT OF OPERATIONS
### Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (note 11) | Actual | Actual |
| **Revenue** | | | |
| General Revenue Fund - Saskatchewan Health | $ 688,457 | $ 687,898 | $ 673,320 |
| Interest | — | 394 | 1,213 |
| Miscellaneous | — | 6,494 | 6,960 |
| | 688,457 | 694,786 | 681,493 |
| **Expenses** | | | |
| Salaries and employee benefits | 510,103 | 503,209 | 487,045 |
| Food | 54,750 | 39,906 | 44,778 |
| Utilities | 37,200 | 37,615 | 37,887 |
| Rent (note 3) | 33,500 | 30,000 | 30,000 |
| Miscellaneous | 7,250 | 8,608 | 6,998 |
| Building maintenance | 4,700 | 11,342 | 12,168 |
| Vehicle expenses | 7,600 | 5,435 | 6,323 |
| Printing, postage and office supplies | 11,000 | 4,816 | 4,984 |
| Board honoraria and expenses | 6,504 | 3,378 | 4,458 |
| Insurance | 4,250 | 4,468 | 4,352 |
| Professional services | — | 1,948 | — |
| Contractual services | 7,050 | 7,561 | 7,693 |
| Staff training and travel | 3,300 | 3,018 | 1,736 |
| Furniture and equipment rental | 1,250 | 4,719 | 3,743 |
| Amortization of capital assets | — | 10,174 | 6,142 |
| Loss on disposal of assets | — | 323 | 5,103 |
| | 688,457 | 676,520 | 663,410 |
| Excess of revenue over expenses (statement 4) | $ — | $ 18,266 | $ 18,083 |

Statement 3

## ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash from operating activities | | |
| Excess of revenue over expenses | $ 18,266 | $ 18,083 |
| Amortization of capital assets | 10,174 | 6,142 |
| Loss on disposal of capital assets | 323 | 5,103 |
| Net change in non-cash working capital balances related to operations (note 7) | (3,639) | (30,336) |
| Net cash from (used in) operating activities | 25,124 | (1,008) |
| Investing activities | | |
| Proceeds on disposal of assets | 1,900 | 1,350 |
| Acquisition of capital assets | (50,816) | (3,957) |
| Net cash used in investing activities | (48,916) | (2,607) |
| Net decrease in cash | (23,792) | (3,615) |
| Cash, beginning of year | 48,528 | 52,143 |
| Cash, end of year | $ 24,736 | $ 48,528 |
| Cash | 4,736 | 10,445 |
| Restricted Cash | 20,000 | 38,083 |
| Total Cash | $ 24,736 | $ 48,528 |

(See accompanying notes to the financial statements)

**Statement 4**

## ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
## STATEMENT OF CHANGES IN NET ASSETS
## Year Ended March 31

| | 2000 | | | | 1999 |
|---|---|---|---|---|---|
| | Invested in Capital Assets | Restricted for Equipment & Furnishing Reserve | Unrestricted | Total | Total |
| Balance, beginning of year | $ 24,929 | $ 38,083 | $ 18,175 | $ 81,187 | $ 63,104 |
| Excess (deficiency) of revenue over expenses (statement 2) | (12,397) | — | 30,663 | 18,266 | 18,083 |
| Investment in capital assets | 50,816 | — | (50,816) | — | — |
| Transfer to (from) reserve (note 5(b)) | — | (18,083) | 18,083 | — | — |
| Balance, end of year | $ 63,348 | $ 20,000 | $ 16,105 | $ 99,453 | $ 81,187 |

(See accompanying notes to the financial statements)

# ST. LOUIS ALCOHOLISM REHABILITATION CENTRE INC.
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority

Pursuant to Section 85 of *The Public Health Act*, a board of governors was established on February 1, 1979 to operate an alcoholism rehabilitation hospital to be known as the St. Louis Alcoholism Rehabilitation Centre (the Centre). The Centre commenced operations on October 1, 1979. The Centre was incorporated and registered under *The Non-Profit Corporations Act, 1995* on July 29, 1999.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles and include the following significant accounting policies:

a) Capital Assets

Capital assets are recorded at cost. Normal maintenance and repairs are expensed as incurred. Capital assets are amortized on a straight-line basis over their estimated useful lives (5 to 20 years). Assets costing less that $200 are expensed in the current year.

b) Revenue

Revenue includes contributions from General Revenue Fund - Saskatchewan Health. Amounts are included in revenue in the year in which they are received or receivable.

### 3. Commitments

a) Operating Lease

The Centre's land and buildings have been leased for a period of three years to March 31, 2001 at a cost of $30,000 per year.

### 4. Other Activities

The Centre's canteen provides miscellaneous items to staff and clients. It is operated by staff of the Centre on a volunteer basis and does not form part of the Centre's operations. Canteen profits and any client donations received are used to purchase recreation equipment for the use of clients.

The Centre also holds funds in safekeeping for clients during their stay at the Centre. These funds are kept at the Centre and do not earn interest.

The above activities are not reflected in these financial statements.

## 5. Net Assets

a) Unrestricted Net Assets

This represents advances received from Saskatchewan Health (a related party) and is reduced by: amounts required to pay expenses and amounts recovered by Saskatchewan Health as set out by the Health Reserve Policy and Financial Reporting Guide.

b) Externally Restricted for Equipment and Furnishing Reserve

The Health Reserve Policy and Financial Reporting Guide allows the Centre to retain annually a surplus from operations to a maximum of $20,000 provided the amounts are transferred to the Equipment and Furnishing Reserve. The maximum of $20,000 may be exceeded with approval from Saskatchewan Health.

## 6. Capital Assets

| | 2000 | | | 1999 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Furniture & equipment | $ 123,845 | $ 60,497 | $ 63,348 | $ 75,499 | $ 50,570 | $ 24,929 |

## 7. Non-Cash Working Capital Changes

| | 2000 | 1999 |
|---|---|---|
| Decrease in accounts receivable | $ 693 | $ 378 |
| (Increase) in inventory | (5,408) | (2,997) |
| Decrease (increase) in prepaid expenses | 2,766 | (2,000) |
| (Decrease) in accounts payable and accrued charges | (2,244) | (3,534) |
| Increase (Decrease) in due to Saskatchewan Health | 554 | (22,183) |
| | $ (3,639) | $ (30,336) |

## 8. Fair Value

Cash, restricted cash, accounts receivable and accounts payable are all short-term in nature and as such their carrying value approximates fair value.

## 9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Centre by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

The following table summarizes the Centre's related party transactions that are in the normal course of operations. These transactions are recorded at exchange amounts agreed to by the related parties. These transactions are as follows:

| | 2000 | 1999 |
|---|---|---|
| Operating expenses – various | $96,513 | $98,083 |

## 10. Pension Plan

The Centre participates in the Public Employees Pension Plan which is a defined contribution plan. The Centre's financial obligation to the Plan is limited to making regular payments to match the amounts contributed by employees for current service. The Centre's pension expense for 2000 amounts to $20,210 (1999 - $19,138) and is included in Salaries and employee benefits.

## 11. Budget

These amounts represent the budget approved by the Centre's Board of Governors.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus, and financing activities and accumulated net (recovery)/expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 29, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# COMMERCIAL REVOLVING FUND
## BALANCE SHEET
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Accounts receivable (Note 10) | $ 287,266 | $ 242,751 |
| Inventories | 157,135 | 134,165 |
| Accumulated net recovery (Statement 3 and Note 10) | - | 202,257 |
| | 444,401 | 579,173 |
| Capital assets (Note 5) | 966,144 | 759,337 |
| | $ 1,410,545 | $ 1,338,510 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable (Note 10) | $ 1,006,606 | $ 483,411 |
| Unearned revenue (Note 6) | - | 13,266 |
| | 1,006,606 | 496,677 |
| Non-current liabilities: | | |
| Accumulated net expenditure (Statement 3 and Note 10) | 397,680 | - |
| Fund equity: | | |
| Accumulated operating surplus (Statement 2) | 6,259 | 841,833 |
| | $ 1,410,545 | $ 1,338,510 |

(See accompanying notes)

**Statement 2**

## COMMERCIAL REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Revenues: | | | |
| Campground | $ 2,886,000 | $ 3,427,837 | $ 3,340,502 |
| Cottage lots/permits | 1,523,000 | 1,511,711 | 1,550,931 |
| Park entry | 1,305,000 | 1,420,021 | 1,469,274 |
| Commercial leases | 518,000 | 445,466 | 393,501 |
| Surface leases | 387,000 | 543,388 | 571,727 |
| Other revenue | 253,000 | 355,856 | 425,946 |
| Accommodation | 207,000 | 276,651 | 288,772 |
| Hay & grazing fees | 174,000 | 147,738 | 157,778 |
| Swimming pool fees | 155,000 | 140,373 | 161,937 |
| | $ 7,408,000 | $ 8,269,041 | $ 8,360,368 |
| Expenses: | | | |
| Wages | $ 7,464,000 | $ 8,651,721 | $ 7,398,357 |
| Material, supplies & freight | 877,000 | 1,394,737 | 936,282 |
| Repairs & maintenance | 738,000 | 645,328 | 756,952 |
| Vehicle rentals | 625,000 | 664,170 | 672,185 |
| Utilities | 709,000 | 640,406 | 753,325 |
| Amortization | 250,000 | 221,376 | 231,630 |
| Other expenses | 285,000 | 393,164 | 283,727 |
| Equipment rental | 197,000 | 193,522 | 196,960 |
| Postage & communications | 265,000 | 267,802 | 279,953 |
| Publicity & advertising | 160,000 | 184,277 | 184,787 |
| Travel & sustenance | 146,000 | 203,112 | 155,712 |
| | 11,716,000 | 13,459,615 | 11,849,870 |
| Loss from operations | (4,308,000) | (5,190,574) | (3,489,502) |
| Subsidy from General Revenue Fund | 4,588,000 | 4,847,000 | 4,276,000 |
| Net (loss)\ income | $ 280,000 | $ (343,574) | $ 786,498 |
| Accumulated operating surplus, beginning of year | | 841,833 | 55,335 |
| Transfers to The General Revenue Fund (Note 4) | | (492,000) | - |
| Accumulated operating surplus, end of year | | | |
| - to Statement 1 | | $ 6,259 | $ 841,833 |

(See accompanying notes)

Statement

# COMMERCIAL REVOLVING FUND
## STATEMENT OF FINANCING ACTIVITIES AND ACCUMULATED NET (RECOVERY)/EXPENDITURE
For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Financing (provided by) required for operating activities: | | |
| Net loss (income) | $ 343,574 | $ (786,498) |
| Items not affecting working capital | | |
| - amortization | (221,376) | (231,630) |
| - (loss) gain on disposal of capital assets | (5,244) | 2,044 |
| Net (decease) increase in working capital items related to operations (Note 7) | (442,444) | 108,654 |
| | (325,490) | (907,430) |
| Financing (provided by) required for investing activities: | | |
| Purchase of capital assets | $ 439,061 | $ 237,997 |
| Proceeds from sale of capital assets | (5,634) | (2,066) |
| | 433,427 | 235,931 |
| Financing activities: | | |
| Payment to the General Revenue Fund | 492,000 | - |
| Net increase (decrease) in financing requirement | $ 599,937 | $ (671,499) |
| Accumulated net (recovery)/expenditure, beginning of year | (202,257) | 469,242 |
| Accumulated net expenditure/(recovery), end of year - to Statement 1 | $ 397,680 | $ (202,257) |

(See accompanying notes)

# COMMERCIAL REVOLVING FUND
# NOTES TO THE FINANCIAL STATEMENTS
# March 31, 2000

## 1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activity required for the promotion, development and management of provincial parks.

## 2. Significant Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Financing Activities and Accumulated Net (Recovery)/Expenditure and Note 7. The following accounting policies are considered significant.

### a. Net (Recovery)/Expenditure

The net (recovery)/expenditure is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

### b. Accumulated Net (Recovery)/Expenditure

The accumulated net (recovery)/expenditure of the Revolving Fund includes the following:

i. the net (recovery)/ expenditure for each fiscal year; and

ii. the book value of assets acquired at no charge from another government agency

### c. Inventories

Inventories are valued at the lower of average cost and net realizable value.

### d. Capital Assets

Amortization is calculated on the straight line basis. Annual rates are from 5% to 33% for equipment and 10% for furnishings.

### 3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum balance amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

### 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Section 18(4) of *The Natural Resources Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $350,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Environment and Resource Management's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

### 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Equipment | $ 6,237,987 | $ 5,310,586 | $ 927,401 | $ 723,636 |
| Furniture and fixtures | 349,788 | 311,045 | 38,743 | 35,701 |
| Total Capital Assets | $ 6,587,775 | $ 5,621,631 | $ 966,144 | $ 759,337 |

### 6. Unearned Revenue

Unearned revenue includes monies received in advance for leases involving park land. Revenue for leases is recognized in the year to which the leases relate.

## 7. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| Increase in accounts receivable | $ 44,515 | $ 9,639 |
| Increase in inventories | 22,970 | 1,793 |
| (Increase) in accounts payable | (523,195) | (93,160) |
| Decrease in Unearned revenue | 13,266 | 190,382 |
| | $ (442,444) | $ 108,654 |

## 8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, tne Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows.

| Category | 2000 | 1999 |
|---|---|---|
| Expenses | $ 1,560,802 | $ 1,786,091 |
| Accounts payable | 13,922 | 11 |

In addition, the Revolving Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment and Resource Management is responsible for the acquisition of provincial park land. Therefore, park land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to park land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

## 9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

## 10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable, accumulated net recovery and accounts payable. Due to their immediate or short -term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditures has been omitted because it is not practicable to determine the fair value with sufficient reliability.

The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable. Most receivables were received subsequent to year end reducing credit risk.

## 11. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net (loss)/income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net (loss)/income | $ (343,574) | $ 786,498 |
| (Increase) in inventory | (22,970) | (1,793) |
| Payment to General Revenue Fund | (492,000) | - |
| (Increase) in net capital assets | (206,807) | (6,345) |
| Net (Expenditure)/recovery reported in Public Accounts | $ (1,065,351) | $ 778,360 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Conservation and Development Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating deficit, and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 27, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## CONSERVATION AND DEVELOPMENT REVOLVING FUND
## BALANCE SHEET
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Accounts receivable | $ 268,490 | $ 277,471 |
| Inventory | 414,380 | 366,483 |
| | 682,870 | 643,954 |
| Capital assets (Note 5) | 2,314,187 | 2,137,358 |
| | $ 2,997,057 | $ 2,781,312 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 186,032 | $ 247,651 |
| Unearned revenue | 16,682 | 28,494 |
| | 202,714 | 276,145 |
| Non-current liabilities: | | |
| Accumulated net expenditure (Statement 3) | 3,591,327 | 2,864,332 |
| Equity: | | |
| Accumulated operating deficit (Statement 2) | (796,984) | (359,165) |
| | $ 2,997,057 | $ 2,781,312 |

(See accompanying notes to the financial statements)

**Statement 2**

## CONSERVATION AND DEVELOPMENT REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT
### For the Year Ended March 31

| | Budget 2000 (Note 6) | Actual 2000 | Actual 1999 |
|---|---|---|---|
| **REVENUES** | | | |
| Grazing | $ 5,000,000 | $ 4,806,242 | $ 4,570,763 |
| Bull wintering | 350,000 | 355,068 | 310,419 |
| Cow wintering | 200,000 | 158,092 | 238,821 |
| House rent | 65,000 | 68,700 | 62,357 |
| Well site and roadway easements | 45,000 | 43,300 | 51,235 |
| Seismic easement | 75,000 | 20,562 | 35,248 |
| Hay | 30,000 | 7,493 | 18,730 |
| Backgrounding | 100,000 | 22,907 | 76,328 |
| Breeding | --- | --- | 560 |
| Other | --- | 5,123 | 22,550 |
| | 5,865,000 | 5,487,487 | 5,387,011 |
| **EXPENSES** | | | |
| Salaries | 2,682,358 | 2,687,285 | 2,593,266 |
| Taxes | 800,000 | 799,273 | 812,486 |
| Repairs and improvements | 824,514 | 760,804 | 719,128 |
| Rental of equipment, horses and other | 321,523 | 370,549 | 322,904 |
| Travel | 274,360 | 267,314 | 308,507 |
| Amortization | 175,000 | 265,636 | 218,853 |
| Seed and forage | 198,000 | 257,896 | 436,716 |
| Small tools, equipment and supplies | 201,634 | 161,254 | 198,986 |
| Utilities | 107,236 | 108,884 | 105,638 |
| Veterinary fees and supplies | 102,351 | 93,471 | 111,627 |
| Telephone | 85,900 | 87,320 | 104,782 |
| Freight and postage | 18,695 | 17,630 | 8,193 |
| Advertising and printing | 13,900 | 5,830 | 7,896 |
| Bad debt expense | --- | 1,551 | 14,158 |
| (Gain) loss on disposal of capital assets | --- | (2,156) | 10,858 |
| (Recovery) decline in inventory | --- | (268) | 1,000 |
| Other | 53,425 | 43,033 | 28,584 |
| | 5,858,896 | 5,925,306 | 6,003,582 |
| Net income (loss) (Note 8) | 6,104 | (437,819) | (616,571) |
| Accumulated operating (deficit) surplus, beginning of year | (359,165) | (359,165) | 257,406 |
| Accumulated operating deficit, end of year – to Statement 1 | $ (353,061) | $ (796,984) | $ (359,165) |

(See accompanying notes to the financial statements)

Statement 3

## CONSERVATION AND DEVELOPMENT REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Financing required for (provided by) operating activities:** | | |
| Net loss | $ 437,819 | $ 616,571 |
| Items not affecting working capital: | | |
| Amortization | (265,636) | (218,853) |
| Bad debt expense | (1,551) | (14,158) |
| Decline in inventory | --- | (1,000) |
| Gain (loss) on disposal of capital assets | 2,156 | (10,858) |
| Net increase in working capital items related to operations (Note 11) | 113,898 | 218,253 |
| | 286,686 | 589,955 |
| **Financing required for (provided by) investing activities:** | | |
| Purchase of capital assets | 449,132 | 478,951 |
| Proceeds from sale of capital assets | (8,823) | (16,171) |
| | 440,309 | 462,780 |
| Net increase in financing requirements | 726,995 | 1,052,735 |
| Accumulated net expenditure, beginning of year | 2,864,332 | 1,811,597 |
| Accumulated net expenditure, end of year – to Statement 1 | $ 3,591,327 | $ 2,864,332 |

(See accompanying notes to the financial statements)

# CONSERVATION AND DEVELOPMENT REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority and Definition

The Conservation and Development Revolving Fund was established pursuant to Section 16 of *The Department of Agriculture Act*. In 1994-95, the Revolving Fund was reactivated to facilitate the management and administration of the Community Pasture Program previously operated by the Department of Agriculture and Food.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 8. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) includes the following:

i) the net expenditure (recovery) for each fiscal year; and
ii) the book value of assets acquired (disposed of) at no charge from (to) another government agency.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory consists of livestock, repair parts, livestock feed, minerals and fencing supplies.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating deficit. Amortization of all capital assets is charged to operations using the straight-line method at the following rates:

| | |
|---|---|
| Fencing and corrals | 10% |
| Water sites | 5% |
| Buildings | 5% |
| Equipment | 10% |
| Office equipment | 25% |
| Land improvements | 10% |

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

e) Unearned Revenue

Unearned revenue consists of grazing revenue that will be earned in future periods. These amounts are included in income when the revenue is earned.

## 3. Authorized Financing

Subsection 16(11) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 1859/83 established a maximum accumulated net expenditure of $10,000,000.

## 4. Disposition of Accumulated Operating Surplus (Deficit)

In accordance with subsection 16(5) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be $700,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

## 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Fencing and corrals | $ 650,481 | $ 197,655 | $ 452,826 | $ 466,328 |
| Water sites | 385,113 | 57,331 | 327,782 | 283,579 |
| Equipment | 1,321,360 | 382,521 | 938,839 | 1,010,629 |
| Buildings | 381,349 | 81,883 | 299,466 | 261,770 |
| Office equipment | 89,889 | 33,687 | 56,202 | 78,657 |
| Land improvements | 255,687 | 16,615 | 239,072 | 36,395 |
| Total | $ 3,083,879 | $ 769,692 | $ 2,314,187 | $ 2,137,358 |

## 6. Budget

Treasury Board approves the Revolving Fund's budget annually.

## 7. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Revolving Fund purchased utility and communication services of $186,583 (1999 - $237,806) from SaskPower, SaskEnergy and SaskTel and purchased vehicle rentals, insurance and supplies of $185,054 (1999 - $136,985) from Saskatchewan Property Management Corporation and Saskatchewan Government Insurance. These transactions are in the normal course of operations and are recorded at the standard rates charged by these corporations.

The Revolving Fund paid employee benefits of $157,028 (1999 - $138,552) to Public Service Superannuation Fund, Public Employees Superannuation Fund, Public Employees Disability Income Fund and Public Employees Group Life Insurance Fund.

The Revolving Fund receives use of Crown land, office space and administrative services from the Department without charge. In addition, the Revolving Fund pays Education and Health Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

As at March 31, 2000, $20,291 (1999 - $27,046) was due to Government agencies as a result of the transactions referred to above.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 8. Amount Reported in Public Accounts

The net (expenditure) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net loss from operations | $ (437,819) | $ (616,571) |
| (Increase) decrease in inventory balance recorded by the Revolving Fund | (47,897) | 39,335 |
| (Increase) in net capital assets recorded by the Revolving Fund | (176,829) | (320,449) |
| Timing differences in recording revenue/payments | (27,608) | (112,508) |
| Net (expenditure) reported in the Public Accounts | $ (690,153) | $ (1,010,193) |

## 9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables is $317,735 at March 31, 2000 with an allowance for doubtful accounts of $49,245. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest-bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

## 10. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

## 11. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| Working capital changes: | | |
| (Decrease) increase in accounts receivable | $ (7,430) | $ 137,513 |
| Increase (decrease) in inventory | 47,897 | (38,335) |
| Decrease in accounts payable | 61,619 | 140,190 |
| Decrease (increase) in unearned revenue | 11,812 | (21,115) |
| | $ 113,898 | $ 218,253 |

## 12. Commitments on Leased Farm Equipment

As of March 31, 2000, the Fund is committed to future lease payments of:

| | |
|---|---|
| 2000/01 | $76,274 |
| 2001/02 | $35,692 |
| 2002/03 | $20,821 |
| 2003/04 | $13,676 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Correctional Facilities Industries Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 21, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
## BALANCE SHEET
## AS AT MARCH 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Accounts receivable | $ 175,254 | $ 328,922 |
| Inventory | 192,329 | 210,512 |
| | 367,583 | 539,434 |
| Capital assets (Note 5) | 102,027 | 139,341 |
| | $ 469,610 | $ 678,775 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 41,053 | $ 130,927 |
| Non-Current liabilities: | | |
| Accumulated net expenditure (Statement 3) | 502,273 | 766,284 |
| Fund equity: | | |
| Accumulated operating deficit (Statement 2) | (73,716) | (218,436) |
| | $ 469,610 | $ 678,775 |

(See accompanying notes to the financial statements)

**Statement 2**

# CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT FOR THE YEAR ENDED MARCH 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 10) | Actual | Actual |
| Sales | $ 1,253,000 | $ 742,702 | $ 933,058 |
| Cost of goods sold (Note 6) | 1,110,019 | 671,168 | 817,904 |
| Gross profit | 142,981 | 71,534 | 115,154 |
| Operating expenses: | | | |
| Salaries | 235,130 | 236,001 | 229,566 |
| Office supplies | 4,150 | 3,069 | 6,010 |
| Repairs and maintenance | 8,750 | 3,389 | 8,397 |
| Delivery | 1,950 | 1,905 | 3,852 |
| Travel | 11,150 | 9,917 | 14,453 |
| Warranty | 2,600 | 2,059 | 500 |
| Amortization | 7,589 | 2,830 | 2,838 |
| Bad debts/allowance (recovery) | 3,230 | 23,332 | 2,402 |
| Inmate assessment | 23,000 | 20,045 | 22,707 |
| Advertising | 200 | --- | 4,380 |
| Miscellaneous | 4,825 | 8,664 | 12,495 |
| | 302,574 | 311,211 | 307,600 |
| Loss from operations | (159,593) | (239,677) | (192,446) |
| Other income | --- | 310 | 7,019 |
| Gain on sale of assets | --- | 5,087 | 20,548 |
| Subsidy and recovery from General Revenue Fund (Note 4) | 142,000 | 379,000 | 142,000 |
| Net income (loss) | $ (17,593) | 144,720 | (22,879) |
| Accumulated operating (deficit), beginning of year | | (218,436) | (195,557) |
| Accumulated operating (deficit), end of year - to Statement 1 | | $ (73,716) | $ (218,436) |

(See accompanying notes to the financial statements)

Statement 3

## CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
## FOR THE YEAR ENDED MARCH 31

| | 2000 | 1999 |
|---|---|---|
| **Financing (provided by) required for operating activities:** | | |
| Net (income) loss | $ (144,720) | $ 22,879 |
| Items not affecting working capital | | |
| - amortization | (37,929) | (42,933) |
| - gain (loss) on disposal of capital assets | 5,087 | 20,548 |
| Working capital changes related to operations | | |
| (Decrease) increase in accounts receivable | (153,668) | 18,140 |
| (Decrease) in inventories | (18,183) | (30,036) |
| Decrease in current liabilities | 89,874 | 2,641 |
| | (259,539) | (8,761) |
| **Financing (provided by) required for investing activities:** | | |
| Purchase of capital assets | 6,155 | 20,262 |
| Proceeds from sale of capital assets | (10,627) | (23,960) |
| | (4,472) | (3,698) |
| **Net expenditure/(recovery):** | (264,011) | (12,459) |
| **Accumulated net expenditure, beginning of year** | 766,284 | 778,743 |
| **Accumulated net expenditure, end of year - to Statement 1** | $ 502,273 | $ 766,284 |

(See accompanying notes to the financial statements)

# CORRECTIONAL FACILITIES INDUSTRIES REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 53 of *The Correctional Services Act*. The purpose of the Revolving Fund is to rehabilitate inmates by operating work programs intended to provide practical and marketable work skills for inmates and to reduce the costs of inmate programming.

### 2. Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net cash expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from the acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) the net expenditure/(recovery) for each fiscal year, and

ii) the book value of assets acquired at no charge from other government agencies.

c) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by using the first in, first out method.

d) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

Amortization is calculated on the straight-line basis at an annual rate of 10% for equipment and leasehold improvements and on a diminishing balance basis at an annual rate of 30% for tools and other assets.

Computer equipment is amortized on a straight-line basis over 3 years.

## 3. Authorized Financing

Subsection 53 (10) of *The Correctional Services Act* specifies that the maximum amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $900,000 was established by Order in Council 816/89.

## 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 53 (4) of *The Correctional Services Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund. During the year, the Revolving Fund received $237,000 as a deficit recovery from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Justice's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur. During the year, the Revolving Fund received $142,000 as a subsidy from the General Revenue Fund.

## 5. Capital Assets

| | 2000 | | | 1999 | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Equipment | $ 256,479 | $ 181,666 | $ 74,813 | $ 267,542 | $ 169,616 | $ 97,926 |
| Tools | 55,055 | 46,792 | 8,263 | 54,468 | 43,251 | 11,217 |
| Leasehold Improvements | 70,268 | 57,236 | 13,032 | 70,269 | 50,209 | 20,060 |
| Other | 25,779 | 19,860 | 5,919 | 29,813 | 19,675 | 10,138 |
| | $ 407,581 | $ 305,554 | $ 102,027 | $ 422,092 | $ 282,751 | $ 139,341 |

## 6. Cost of Goods Sold

Cost of goods sold consists of the following:

| | 2000 | 1999 |
|---|---|---|
| Materials | $ 297,890 | $ 418,175 |
| Supplies | 18,648 | 21,293 |
| Small tools | 2,656 | 8,466 |
| Inmate labour | 34,726 | 41,302 |
| Inmate incentive | 70,012 | 82,403 |
| Amortization | 35,099 | 40,093 |
| Staff salaries | 194,478 | 184,998 |
| Shop expense | 17,659 | 21,174 |
| | $ 671,168 | $ 817,904 |

## 7. Amount Reported in the Public Accounts

The net recovery of the Revolving Fund reported in Public Accounts is the net income of the Revolving Fund adjusted for differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net income (loss) | $ 144,720 | $ (22,879) |
| Decrease in inventory balance | 18,183 | 30,036 |
| Decrease in net capital assets | 37,314 | 26,083 |
| Amounts not included in Public Accounts due to timing | 13,757 | (8,810) |
| Net recovery reported in the Public Accounts | $ 213,974 | $ 24,430 |

## 8. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding, at year end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Revenue | $ 264,194 | $ 324,018 |
| Accounts receivable | 24,141 | 68,608 |

In addition, the Fund pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

## 9. Financial Instruments

The Revolving Fund's financial instruments consist of accounts receivable, accounts payable and accumulated net expenditure.

a) Significant terms and conditions

There are no significant terms and conditions related to the financial instruments that may affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from the potential non-payment of accounts receivable. Accounts receivable balances are with many customers, therefore, credit risk is minimal.

c) Fair value

The carrying amounts approximate fair value due to their immediate or short-term nature. The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

## 11. Contingency

The Revolving Fund has been sued regarding the manufacture of a play structure. The merits of the claim are unknown and an estimate of the extent of damages, if any, cannot be made.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Correspondence School Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/deficit and of changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
October 30, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
## BALANCE SHEET
### As at March 31

### ASSETS

| | 2000 | 1999 |
|---|---|---|
| Current: | | |
| Petty Cash | $ 225 | $ 225 |
| Accounts receivable | 113,984 | 116,311 |
| Inventories | 40,035 | 34,199 |
| Prepaid Expenses | 693 | 4,024 |
| Total Current Assets | 154,937 | 154,759 |
| Capital Assets (Note 6) | 117,703 | 182,063 |
| | $ 272,640 | $ 336,822 |

### LIABILITIES AND EQUITY

| | 2000 | 1999 |
|---|---|---|
| Current Liabilities: | | |
| Accounts Payable and accrued liabilities | $ 56,600 | $ 69,949 |
| Unearned Revenue | 0 | 0 |
| | 56,600 | 69,949 |
| Non-Current Liabilites: | | |
| Accumulated net expenditure (Statement 3) | 200,344 | 279,360 |
| Fund Equity: | | |
| Accumulated operating surplus/(deficit) (Statement 2) | 15,696 | (12,487) |
| | $ 272,640 | $ 336,822 |

(See accompanying notes to the financial statements)

Statement 2

## SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Actual | Budget (Note 10) | Actual |
| Revenue: | | | |
| Sales | $ 254,573 | $ 279,700 | $ 259,888 |
| Less: Cost of goods sold | 111,010 | 162,000 | 141,322 |
| Gross profit | 143,563 | 117,700 | 118,566 |
| Registration Fees | 119,125 | 126,000 | 123,115 |
| Tuition | 1,279,597 | 1,419,484 | 1,290,755 |
| Other Revenue | 3,291 | 3,100 | 2,633 |
| Total Revenue | 1,545,576 | 1,666,284 | 1,535,069 |
| Operating expenses: | | | |
| Salaries | 1,599,656 | 1,569,874 | 1,524,126 |
| Marking Fees | 53,140 | 100,000 | 79,322 |
| Computer support and maintenance | 83,425 | 155,800 | 89,571 |
| Telephone expense | 34,306 | 40,000 | 35,145 |
| Advertising and printing | 19,325 | 32,000 | 16,110 |
| Amortization | 107,418 | 180,000 | 174,911 |
| Office and educational expenses | 36,012 | 30,697 | 24,227 |
| Postage | 55,497 | 50,000 | 62,246 |
| Other | 23,614 | 37,500 | 11,996 |
| Total Expenses | 2,012,393 | 2,195,871 | 2,017,654 |
| Net Income (loss) from Operations | (466,817) | (529,587) | (482,585) |
| Subsidy from General Revenue Fund | 495,000 | 410,000 | 336,000 |
| Net income (loss ) (Note 8) | 28,183 | (119,587) | (146,585) |
| Accumulated operating surplus/(deficit), beginning of year | (12,487) | 77,862 | 134,098 |
| Accumulated operating surplus/(deficit), end of year - to Statement 1 | $ 15,696 | $ (41,725) | $ (12,487) |

(See accompanying notes to the financial statements)

Statement 3

## SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Financing (provided by) required for operating activities: | | |
| Net Income after operating subsidy | $ (28,183) | $ 146,585 |
| Items not affecting working capital - amortization | (107,418) | (174,911) |
| | (135,601) | (28,326) |
| Net increase (decrease) in working capital items related to operations (Note 7) | 13,527 | (53,154) |
| | (122,074) | (81,480) |
| Financing (provided by) required for investing activities: | | |
| Purchase of capital assets | 43,058 | 60,849 |
| Net (decrease) increase in financing requirements | (79,016) | (20,631) |
| Accumulated net expenditure, beginning of year | 279,360 | 299,991 |
| Accumulated net expenditure, end of year to Statement 1 | $ 200,344 | $ 279,360 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN CORRESPONDENCE SCHOOL REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Authority and Definition of Entity

The Revolving Fund was established April 1, 1990, pursuant to Section 11 of *The Education Act, 1995*. The purpose of the Saskatchewan Correspondence School Revolving Fund is to provide educational services at the high school level, Grades 9-12, to Saskatchewan residents through distance education.

### 2. Significant Accounting Policies

These financial statements have been prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 7. The following accounting policies are considered significant.

a) Basis of Accounting

The accounts are maintained on an accrual basis of accounting.

b) Net Cash Expenditure/(Recovery)

The net cash expenditure/(recovery) is the total cash outflow from/to the General Revenue Fund. It represents the total annual financing requirements resulting from the net capital acquisitions, working capital changes and net cash flows from operations.

c) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) Net expenditure/(recovery) for each fiscal year; and

ii) The book value of assets acquired at no charge from another government agency.

d) Capital Assets

Capital assets are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated surplus.
Donated equipment is recorded at fair market value.

Amortization is provided on office and audio/visual equipment on a straight-line basis at an annual rate of 20% from the date of acquistion. Computer software and hardware are amortized at an annual rate of 25% from the date of acquistion.

e) Inventory

Inventory is valued at the lower of average cost and net realizable value.

### 3. Authorized Financing

Section 11(12) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 776/90 the maximum amount has been set at $1,200,000.

### 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 11(6) of *The Education Act, 1995* the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus (deficit) for the Correspondence School Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated surplus (deficit) exceeds the maximum, then any surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid into (from) the General Revenue Fund.

### 5. Tuition Fees and Other Related Costs

The Revolving Fund's Correspondence School tuition fees and other related recoverable costs are described in the annual Correspondence School Calendar. These costs and tuition fees are reviewed periodically with the view to operating the Revolving Fund as close to the break even point as possible.

### 6. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Office & audio/visual equipment | $ 18,651 | $ 17,566 | $ 1,085 | $ 1,493 |
| Computer hardware/software | 863,389 | 746,771 | 116,618 | 180,570 |
| | $ 882,040 | $ 764,337 | $ 117,703 | $ 182,063 |

Amortization provided in the financial statements for the current year amounted to $107,418 (1999 - $174,911)

### 7. Net Change in Working Capital items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Decrease)/increase in accounts receivable | $ (2,327) | $ (659) |
| (Decrease)/increase in prepaid expenses | (3,331) | (63,497) |
| (Decrease)/increase in inventories | 5,836 | (7,999) |
| Decrease/(increase) in accounts payable | 13,349 | 19,001 |
| | $ 13,527 | $ (53,154) |

## 8. Amount Reported in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net income/(loss) from operations | $ 28,183 | $ (146,585) |
| (Increase)/decrease in inventory balance | (5,836) | 7,999 |
| (Increase)/decrease in net capital assets | 64,360 | 114,062 |
| Amounts not included in Public Accounts, due to timing | (49,375) | 50,156 |
| (Net financing requirement)/recovery, reported in the Public Accounts | $ 37,332 | $ 25,632 |

## 9. Related Parties

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

| | 2000 | 1999 |
|---|---|---|
| Telephone | $ 34,306 | $ 35,145 |
| Postage | 55,497 | 62,246 |

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision is reflected in these financial statements.

## 10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

## 11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Highways Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/deficit and changes in accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
October 13, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# HIGHWAYS REVOLVING FUND
## BALANCE SHEET
As At March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Accounts receivable | $ 3,143,870 | $ 6,309,614 |
| Inventories | 3,269,128 | 3,106,787 |
| | 6,412,998 | 9,416,401 |
| Non-current: | | |
| Construction materials inventory (Note 5) | 401,290 | 584,234 |
| Construction, maintenance and other equipment (Note 6) | 46,101,260 | 43,143,647 |
| Capital lease vehicles (Note 7) | 1,756,112 | 2,456,368 |
| | 48,258,662 | 46,184,249 |
| | $ 54,671,660 | $ 55,600,650 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,919,204 | $ 1,357,622 |
| Current portion of obligation under capital lease vehicles (Note 8) | 689,291 | 778,603 |
| | 3,608,495 | 2,136,225 |
| Non-current liabilities: | | |
| Long-term obligations under capital lease vehicles (Note 8) | 999,465 | 1,123,693 |
| Accumulated net expenditure (Statement 3) | 51,531,722 | 56,766,968 |
| | 52,531,187 | 57,890,661 |
| Fund equity: | | |
| Accumulated operating deficit (Statement 2) | (1,468,022) | (4,426,236) |
| | $ 54,671,660 | $ 55,600,650 |

(See accompanying notes to the financial statements)

Statement 2

## HIGHWAYS REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 12) | Actual | Actual |
| Revenue: | | | |
| Equipment Rental | $ 17,890,000 | $ 18,447,477 | $ 14,892,186 |
| Custom Work | 4,010,000 | 3,700,818 | 5,485,466 |
| Store Sales & Labour | 4,300,000 | 1,975,304 | 4,572,906 |
| Total revenue | $ 26,200,000 | $ 24,123,599 | $ 24,950,558 |
| Expenses: | | | |
| Repair | $ 4,980,000 | $ 4,755,942 | $ 4,718,999 |
| Operating | 4,903,000 | 4,906,003 | 4,519,561 |
| Amortization | 3,660,000 | 4,147,642 | 3,488,285 |
| Custom Work | 3,614,000 | 3,397,878 | 4,929,550 |
| Store Sales & Labour | 4,300,000 | 1,966,578 | 4,565,266 |
| Direct Overheads | 3,293,000 | 3,565,020 | 3,451,324 |
| Direct expenses | $ 24,750,000 | $ 22,739,063 | $ 25,672,985 |
| Gross margin | $ 1,450,000 | $ 1,384,536 | $ (722,427) |
| General Overhead Expenses | $ 1,274,800 | $ 1,195,431 | $ 1,335,244 |
| Net Income (Loss) from operations | $ 175,200 | $ 189,105 | $ (2,057,671) |
| Net (Loss) on Sale of Equipment | (175,000) | (430,891) | (227,811) |
| Recovery of Prior Years' Deficits - General Revenue Fund | 2,461,000 | 3,200,000 | 2,100,000 |
| Net Income / (Loss) | $ 2,461,200 | $ 2,958,214 | $ (185,482) |
| Accumulated operating deficit, beginning of year | $ (5,954,989) | $ (4,426,236) | $ (4,240,754) |
| Accumulated operating deficit, end of year - to Statement 1 | $ (3,493,789) | $ (1,468,022) | $ (4,426,236) |

(See accompanying notes to the financial statements)

Statement 3

## HIGHWAYS REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Financing (provided by) required for operating activities:** | | |
| Net (income) loss after operating recovery | $ (2,958,214) | $ 185,482 |
| Items not affecting working capital | | |
| - amortization (Note 9) | (4,147,642) | (3,488,285) |
| - (loss) on disposal of capital assets | (430,891) | (227,811) |
| Net increase (decrease) in working capital items related to operations (Note 10) | (4,564,985) | 4,368,722 |
| | $ (12,101,732) | $ 838,108 |
| **Financing (provided by) required for investing activities:** | | |
| Decrease in construction materials inventory | $ (182,944) | $ (221,657) |
| Purchase of equipment | 6,827,996 | 6,410,932 |
| Proceeds from sale of equipment | (464,632) | (337,726) |
| | $ 6,180,420 | $ 5,851,549 |
| **Financing (provided by) required for financing activities:** | | |
| Decrease in obligation under the capital lease | $ 686,066 | $ 650,440 |
| **Net increase (decrease) in financing requirements** | $ (5,235,246) | $ 7,340,097 |
| **Accumulated net expenditure, beginning of year** | $ 56,766,968 | $ 49,426,871 |
| **Accumulated net expenditure, end of year - to Statement 1** | $ 51,531,722 | $ 56,766,968 |

(See accompanying notes to the financial statements)

# HIGHWAYS REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Authority and Definition of Reporting Entity

The authority for this Revolving Fund was originally contained in Section 21 of *The Highways Act* and is continued under Section 7 of *The Department of Highways and Transportation Act, 1997.* The purpose of the Revolving Fund is to provide a system of accounting that accumulates the costs of equipment, materials and labour used in the provision of construction and maintenance services. These costs are charged back to the Department and other parties on an equitable basis.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 10. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) working capital advanced by the Minister of Finance as at March 31, 1982 to the Revolving Fund;

ii) the net expenditure/(recovery) for each fiscal year thereafter; and

iii) the book value of assets acquired at no charge from another government agency.

c) Inventories

Inventories are valued at the lower of original cost, as calculated on a moving average basis for each shop, and net realizable value.

d) Amortization

i) Power Equipment

Construction and maintenance equipment is amortized on a unit of use basis (hours). The amortization rate per hour of use for each item is calculated to allocate the capital cost of that item, less residual value, over the life expectancy of the asset.

| | |
|---|---|
| Tractors | 3,000 to 10,400 hours |
| Motor Graders | 16,000 to 18,000 hours |
| Heavy Trucks | 3,750 to 15,000 hours |
| Trailers | 2,000 to 12,000 hours |
| Construction Equipment | 2,000 to 16,000 hours |

ii) Computer Systems

System Development costs over $500 are amortized on a straight-line basis at the rate of 20% per year.

iii) Computer Equipment

Computer Equipment over $500 is amortized on a straight-line basis at the rate of 25% per year.

iv) Capital Lease Vehicles

Capital lease vehicles are amortized on a straight-line basis over the term of the lease. The typical lease term for these units is 6 years. Major additions or modifications made to motor vehicle units leased from the SPMC (a related party) are treated as capital cost additions. The amortization rate per unit of use for each item is calculated to allocate the capital cost of that item. Amortization is calculated on the capital cost additions for a unit, on a straight-line basis over the remaining term of the lease for that unit.

v) Other

Salt storage bins are amortized on a straight-line basis at a rate of 5% per year.

For all other sundry, survey, repair shop, office equipment and furniture, amortization is calculated as follows:

- Items costing $500 or more are amortized on the straight-line basis at a rate of 10% per year.

e) Sales

Sales of the Revolving Fund include the following:

i) Equipment Rental Revenue

The rental rates charged by the Revolving Fund for use of its construction and maintenance equipment are calculated to recover the following Revolving Fund costs:

- amortization
- repair and overhaul

- operating costs of fuel, oil and licence registration and insurance fees; and
- administration costs of the stores and repair depots and Revolving Fund office.

Each of the foregoing components of the rental rate is reviewed annually, revised as required, and approved by Treasury Board.

ii) Custom Work

The Revolving Fund uses the percentage of completion method to recognize construction revenue on custom work.

iii) Store Sales and Labour

Store Sales and Labour rates are calculated to recover the Revolving Fund's direct costs. All sales are to the Department of Highways and Transportation.

f) Surcharges

Surcharges levied by the Revolving Fund pursuant to Treasury Board directives are required to be returned to the General Revenue Fund. Any unremitted surcharges are recorded as a liability.

g) Capital Lease Vehicles

Vehicles taken on lease terms which transfer substantially all of the benefits and risks of ownership to the Revolving Fund are accounted for as capital leases.

3. Authorized Financing

Subsection 7(6) of *The Department of Highways and Transportation Act, 1997* specifies that the maximum amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $80,000,000 was established in April 1983 and was reduced to $55,000,000 in January 1994 by Order in Council. It was then increased by Order in Council to $60,000,000 in March 1999.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Section 7(6) of *The Department of Highways and Transportation Act, 1997*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $1,000,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Highways and Transportation's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Construction Materials Inventory

The construction materials inventory is an aggregate stockpile that will not be used in one year. The entire inventory has been classified as a non-current asset.

A survey was completed at the 1999-2000 fiscal year-end and an adjustment of $163,000 was made to this stockpile. This amount is reflected in the Direct Overheads.

6. Construction, Maintenance and Other Equipment

Details of this equipment are as follows:

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net book value |
| Power Equipment | $ 73,618,580 | $ 31,740,389 | $ 41,878,191 | $ 38,619,386 |
| Sundry Equipment | 13,038,006 | 9,816,486 | 3,221,520 | 3,466,510 |
| Survey Equipment | 213,857 | 201,676 | 12,181 | 16,135 |
| Repair Shop Equipment | 1,017,889 | 761,716 | 256,173 | 71,444 |
| Office Equipment and Furniture | 1,623 | 416 | 1,207 | 59,110 |
| Computer System | 1,100,000 | 440,000 | 660,000 | 880,000 |
| Computer Equipment | 168,475 | 96,487 | 71,988 | 31,062 |
| Total Capital Assets | $89,158,430 | $43,057,170 | $46,101,260 | $ 43,143,647 |

Power, sundry and survey equipment, including expenditures which renovate or modify the equipment and result in a corresponding increase in the useful life of the equipment, are capitalized and recorded at cost or as determined in Note 2(b)(iii).

Amortization has been provided for in the amount of $2,929,655 in the current year (1999 - $2,941,962).

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## 7. Capital Lease Vehicles

Details of these leased vehicles are as follows:

| | Cost | Accumulated Amortization | Net Book Value |
|---|---|---|---|
| Balance March 31, 1999 | 4,780,750 | 2,324,382 | 2,456,368 |
| Add: Additions/Depreciation | 521,171 | 1,217,987 | (696,816) |
| Less: Disposals | 126,753 | 123,312 | 3,441 |
| Balance March 31, 2000 | 5,175,168 | 3,419,057 | 1,756,111 |

Amortization has been provided for in the amount of $ 1,217,987 in the current year (1999 - $546,323).

## 8. Obligation under Capital Lease

The following is a schedule of future minimum lease payments under a capital lease with SPMC for non-maintenance vehicles together with the present balance of the obligation. The lease agreement effective April 1, 1987 and subsequently amended, allows vehicles to be leased for an initial term of four or six years with an annual bargain renewal option thereafter. The Revolving Fund estimates vehicles will be leased for an average of six years. Under the agreement, the Revolving Fund receives replacement vehicles on an ongoing basis from SPMC.

Year ended March 31:

| | |
|---|---|
| 2001 | $ 689,291 |
| 2002 | 609,870 |
| 2003 | 422,363 |
| 2004 | 254,989 |
| 2005 | 129,895 |
| 2006 – 2008 | 27,669 |
| Total minimum lease payments | $ 2,134,077 |
| Less: Amount representing interest at rates 8% to 11% | 226,703 |
| Executory costs | 218,618 |
| | $ 1,688,756 |
| Less: Amount due within one year | 689,291 |
| Long term lease obligation | $ 999,465 |

Interest of $ 100,805 (1999 - $ 272,543) is included in the expenditures of 2000.

## 9. Expenditures

The Revolving Funds direct expenses and general expenses are classified as follows:

| | 2000 | 1999 |
|---|---|---|
| Operating Expenses | $13,287,866 | $17,014,862 |
| Salaries and benefits | 6,227,517 | 5,819,805 |
| Amortization | 4,147,642 | 3,488,285 |
| Other | 271,469 | 685,277 |
| | $23,934,494 | $27,008,229 |

## 10. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| Increase/(decrease) in accounts receivable | $ (3,165,744) | $ 3,468,909 |
| Increase/(decrease) in inventories | 162,341 | 62,828 |
| Decrease/(increase) in accounts payable | (1,561,582) | 836,985 |
| | $ (4,564,985) | $ 4,368,722 |

## 11. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year-end, are as follows:

| **Category (as per Financial Statements)** | **2000** | **1999** |
|---|---|---|
| Sales (Department of Highways and Transportation) | $ 20,422,781 | $ 19,130,535 |
| Accounts Receivable (Department of Highways and Transportation) | 1,833,532 | 3,804,113 |
| Accounts Receivable (Transportation Partnership Fund) | 20,166 | 0 |
| Expenses (Various Crown Corporations) | 1,263,627 | 1,246,323 |
| Capital Lease Principal Payments (Saskatchewan Property Management Corporation) | 686,066 | 650,440 |

In addition, the Revolving Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, certain information system support and certain administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

## 12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually. During the 1999-2000 Fiscal Year, paint for pavement line marking was no longer purchased and issued to the Department of Highways and Transportation through the Revolving Fund inventory. Instead, paint was purchased directly by Department of Highways and Transportation. As a result, actual revenues and expenses for Store Sales and Labour were significantly lower than amounts budgeted.

## 13. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The Revolving Fund's financial instruments also include obligations under capital leases. The fair value of this obligation approximates the carrying value because the implicit rate of interest inherent in the leases approximates the market rate of interest.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 14. Commitments

The Revolving Fund is committed to purchasing construction and maintenance equipment and other goods and services valued at $641,000 in 2001.

## 15. Amount Reported in the Public Accounts

The net financing recovery/(requirement) of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the differences in accounting policies between the Revolving Fund and the General Revenue Fund.

| | 2000 | 1999 |
|---|---|---|
| Net Income/(Loss) | $ 2,958,214 | $ (185,482) |
| (Increase) in inventories | (162,342) | (62,828) |
| Decrease in construction materials inventory | 182,944 | 221,657 |
| (Increase) in construction, maintenance and other equipment | (2,957,613) | (2,162,543) |
| Decrease/(Increase) in capital lease vehicles | 700,256 | (683,500) |
| Increase/(decrease) in obligation under capital lease vehicles | (213,540) | (161,507) |
| Balance Sheet variances between RES and Revolving Fund General Ledger and amounts not included in Public Accounts due to timing | (216,798) | 373,448 |
| Net financing recovery/(requirement) reported in public accounts | $ 291,121 | ($ 2,660,755) |

## 16. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
June 26, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

**Statement 1**

# LIVESTOCK SERVICES REVOLVING FUND
## BALANCE SHEET
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Accounts receivable (Note 10) | $ 272,513 | $ 266,817 |
| Inventory | 33,330 | 31,360 |
| Accumulated net recovery (Statement 3 and Note 10) | 28,280 | 97,957 |
| | 334,123 | 396,134 |
| Capital assets (Note 5) | 56,060 | 81,998 |
| | $ 390,183 | $ 478,132 |
| **LIABILITIES AND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable (Note 10) | $ 201,004 | $ 145,864 |
| Unearned revenue | 3,100 | --- |
| | 204,104 | 145,864 |
| Fund equity: | | |
| Accumulated operating surplus (Statement 2) | 186,079 | 332,268 |
| | $ 390,183 | $ 478,132 |

(See accompanying notes to the financial statements)

Statement 2

## LIVESTOCK SERVICES REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
### Year Ended March 31

| | Budget 2000 (Note 7) | Actual 2000 | Actual 1999 |
|---|---|---|---|
| REVENUE | | | |
| Livestock inspection fees | $ 2,218,047 | $ 2,185,940 | $ 2,177,395 |
| Less commissions | 43,047 | 41,842 | 41,980 |
| Net inspection fees | 2,175,000 | 2,144,098 | 2,135,415 |
| Registered livestock brands | 171,000 | 169,063 | 167,513 |
| Livestock dealer licences | 38,000 | 41,300 | 41,600 |
| Administration fees | 30,000 | 30,000 | 30,000 |
| Other revenue | 750 | 4,038 | 744 |
| | 2,414,750 | 2,388,499 | 2,375,272 |
| EXPENSES | | | |
| Salaries and benefits | 1,822,355 | 1,916,468 | 1,889,316 |
| Travel | 294,100 | 301,051 | 291,354 |
| Stationery & printed forms | 68,520 | 75,937 | 82,025 |
| Telephone | 70,275 | 77,019 | 79,465 |
| Rental of office space & equipment | 61,972 | 62,219 | 62,701 |
| Amortization | 41,000 | 44,185 | 38,197 |
| Advertising & printing | 14,396 | 778 | 4,018 |
| Training & general consulting | 26,022 | 24.512 | 61,608 |
| Uniforms and dry cleaning | 15,092 | 8,417 | 9,665 |
| Computer hardware, software & supplies | 13,864 | 6,563 | 2,539 |
| Supplies & repairs | 8,400 | 8,277 | 5,902 |
| Loss on disposal of capital assets | --- | --- | 7,127 |
| Other | 9,754 | 9,262 | 9,087 |
| | 2,445,750 | 2,534,688 | 2,543,004 |
| Net (loss) income from operations | $ (31,000) | (146,189) | (167,732) |
| Accumulated operating surplus, beginning of year | | 332,268 | 744,052 |
| Transfer to General Revenue Fund (Note 4) | | --- | (244,052) |
| Accumulated operating surplus, end of year, to Statement 1 | | $ 186,079 | $ 332,268 |

(See accompanying notes to the financial statements)

Statement 3

## LIVESTOCK SERVICES REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET RECOVERY
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Financing required for (provided by) operating activities: | | |
| Net loss from operations | 146,189 | 167,732 |
| Items not affecting working capital | | |
| - amortization | (44,185) | (38,197) |
| - loss on disposal of capital assets | --- | (7,127) |
| Net (increase) decrease in working capital items related to operations (Note 6) | (50,574) | 25,961 |
| | 51,430 | 148,369 |
| Financing required for investing activities: | | |
| Purchase of capital assets | 18,247 | 29,363 |
| Financing activities: | | |
| Payment to the General Revenue Fund | --- | 244,052 |
| Net increase in financing requirements | 69,677 | 421,784 |
| Accumulated net recovery, beginning of year | (97,957) | (519,741) |
| Accumulated net recovery, end of year - to Statement 1 | $ (28,280) | $ (97,957) |

(See accompanying notes to the financial statements)

# LIVESTOCK SERVICES REVOLVING FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture Act*. The Revolving Fund's purpose is to operate the brand inspection program, the livestock inspection program, the livestock dealer licensing program and provide collection services for horned cattle and cattle marketing fees.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting principles are considered significant.

### a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

### b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

i) the net expenditure (recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

### c) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of capital assets is charged to operations using the straight line method at the following rates:

| | |
|---|---|
| Computer equipment | 33.3% |
| Office furniture | 10% |
| Computer software | 33.3% |
| Office equipment | 20% |

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

## 3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at $3,000,000.

## 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 17.1(6) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be $500,000. Treasury Board has also specified that if at the end of the fiscal year, the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

## 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer equipment | $ 119,798 | $ 84,148 | $ 35,650 | $ 55,187 |
| Office furniture | 8,830 | 2,064 | 6,766 | 7,649 |
| Computer software | 8,636 | 6,366 | 2,270 | 5,146 |
| Office equipment | 17,568 | 6,194 | 11,374 | 14,016 |
| | $ 154,832 | $ 98,772 | $ 56,060 | $ 81,998 |

## 6. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| Increase in accounts receivable | $ 5,696 | $ 15,160 |
| Increase (decrease) in inventory | 1,970 | (8,921) |
| (Increase) decrease in accounts payable | (55,140) | 19,722 |
| (Increase) in unearned revenue | (3,100) | --- |
| | $ (50,574) | $ 25,961 |

## 7. Budget

Treasury Board approves the Revolving Fund's budget annually.

## 8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

The following routine operating transactions with related parties include expenses settled at standard rates charged by related parties.

| | 2000 | 1999 |
|---|---|---|
| Financial statement category: | | |
| Revenues | $ 30,000 | $ 30,000 |
| Expenses | 196,177 | 266,134 |
| Accounts payable | 27,467 | 28,346 |

The Revolving Fund received use of office space and administration services from the Department without charge. In addition, the Revolving Fund pays Education and Health tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 9. Amount Recorded in Public Accounts

The net expenditure of the Revolving Fund reported in the Public Accounts is the net loss of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

| | 2000 | 1999 |
|---|---|---|
| Net loss from operations | $ 146,189 | $ 167,732 |
| Payments to General Revenue Fund | --- | 244,052 |
| (Decrease) in net capital assets | (25,938) | (15,961) |
| Increase (decrease) in inventory balance recorded by Revolving Fund | 1,970 | (8,921) |
| Revenue adjustment recorded by General Revenue Fund | --- | 78,676 |
| Timing differences in recording revenue/expenses | (8,891) | --- |
| Net expenditure reported in the Public Accounts | $ 113,330 | $ 465,578 |

## 10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Public Employees Benefits Agency Revolving Fund as at March 31, 2000 and the statements of operations and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 24, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

## PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND BALANCE SHEET

**STATEMENT 1**

**AS AT MARCH 31**

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Accounts receivable (Notes 6 and 9) | $ 961,823 | $ 973,502 |
| Capital assets (Note 4) | 676,416 | 714,724 |
| | $1,638,239 | $1,688,226 |
| **LIABILITIES** | | |
| Liabilities: | | |
| Accounts payable (Notes 6 and 9) | $ 417,893 | $ 837,891 |
| Non-current Liabilities: | | |
| Accumulated net expenditure (Statement 3) | 1,220,346 | 850,335 |
| | $1,638,239 | $1,688,226 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND STATEMENT OF OPERATIONS

## STATEMENT 2

**FOR THE YEAR ENDED MARCH 31**

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Note 7) | Actual | Actual |
| **REVENUE:** | | | |
| Administration fees (Note 6) | $6,456,333 | $6,056,646 | $5,320,103 |
| **EXPENSES:** | | | |
| Salary and benefits expense | 2,785,818 | 2,893,210 | 2,570,038 |
| Contractual services-professional and technical | 2,063,565 | 2,058,591 | 1,871,275 |
| Rent | 317,900 | 351,842 | 238,395 |
| Postage and communications | 376,715 | 246,409 | 240,918 |
| Supplies | 224,720 | 116,637 | 93,492 |
| Advertising/printing related expenses | 304,290 | 29,048 | 45,771 |
| Travel | 118,715 | 76,784 | 71,310 |
| Amortization | 250,235 | 271,620 | 167,816 |
| Repairs and maintenance-furniture/equipment | 6,000 | 1,259 | 6,295 |
| Business entertainment expense | 8,375 | 11,246 | 14,793 |
| Total expenses | 6,456,333 | 6,056,646 | 5,320,103 |
| Net income (loss) | $ - | $ - | $ - |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE

STATEMENT 3

**FOR THE YEAR ENDED MARCH 31**

| | 2000 | 1999 |
|---|---|---|
| Financing (provided by) required for operating activities: | | |
| Items not affecting working capital - Amortization | $ (271,620) | $(167,816) |
| Net increase (decrease) in working capital items related to operations (Note 5) | 408,319 | (131,205) |
| | 136,699 | (299,021) |
| Financing (provided by) required for investing activities: | | |
| Purchase of capital assets | 234,014 | 656,069 |
| Proceeds from sale of capital assets | (702) | - |
| | 233,312 | 656,069 |
| Net increase in financing requirements | 370,011 | 357,048 |
| ACCUMULATED NET EXPENDITURE, beginning of year | 850,335 | 493,287 |
| ACCUMULATED NET EXPENDITURE, end of year - to Statement 1 | $1,220,346 | $850,335 |

(See accompanying notes to the financial statements)

## PUBLIC EMPLOYEES BENEFITS AGENCY REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS

**MARCH 31, 2000**

### 1. Authority and Definition of Accounting Entity

The authority for the Public Employees Benefits Agency Revolving Fund (Revolving Fund) is contained in Section 65 of *The Financial Administration Act, 1993*. The Revolving Fund was established to account for the administration costs of the Public Employees Benefits Agency (PEBA). These costs are allocated to the various plans and programs administered by PEBA in accordance with the policy described in Note 2(c).

### 2. Significant Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 5. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) for a fiscal year is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flow from operations of the Revolving Fund.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund consists of the sum of the net cash expenditures (recoveries) of each fiscal year since inception.

c) Revenue

The costs incurred in the administration of the various plans and programs by PEBA are billed on a monthly basis to these plans and programs as follows:

i) Costs relating to a particular plan or program are allocated to that plan.
ii) All other costs are allocated to the various plans and programs using a formula primarily based on time required to administer these plans and programs.

d) Capital Assets

Individual capital assets and leasehold improvements costing more than $500 are capitalized. They are being amortized on a straight-line basis over three years for equipment and software and five years for furniture and leasehold improvements. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations.

### 3. Authorized Financing

Subsection 65(12) of *The Financial Administration Act, 1993* provides for the maximum of accumulated net expenditure which may at any time be outstanding to be set by order of the

Lieutenant Governor in Council. The maximum amount for accumulated net expenditure had been set at $1,200,000 by Order in Council 746/98. Effective June 13, 2000 the maximum amount for accumulated net expenditure has been increased to $2,200,000 by Order in Council 328/00.

## 4. Capital Assets

| | Cost | | Accumulated Amortization | | Net Book Value | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| Equipment | $ 777,893 | $ 610,472 | $402,935 | $255,524 | $374,958 | $354,948 |
| Furniture | 107,386 | 103,564 | 23,334 | 19,169 | 84,052 | 84,395 |
| Leaseholds | 289,875 | 289,875 | 72,469 | 14,494 | 217,406 | 275,381 |
| | $1,175,154 | $1,003,911 | $498,738 | $289,187 | $676,416 | $714,724 |

## 5. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Decrease) increase in accounts receivable | (11,679) | $ 272,266 |
| Decrease (increase) in accounts payable | 419,998 | (403,471) |
| | $408,319 | $(131,205) |

## 6. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan collectively referred to as "related parties".

Included in revenue and expenses are costs amounting to $789,206 (1999 - $642,778) incurred by the General Revenue Fund for services provided on behalf of the Revolving Fund. These costs are billed to the various plans and programs administered by PEBA in accordance with subsection 64(7) of *The Financial Administration Act, 1993.* Amounts received by the Revolving Fund relating to these costs are paid to the Minister of Finance and credited to the General Revenue Fund in accordance with subsection 65(11) of *The Financial Administration Act, 1993.*

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including financing and administrative costs. These costs have been absorbed by various departmental appropriations and therefore, no provision for such costs is reflected in these financial statements.

Administration fees are allocated to plans as described in Note 2. Expenses are recorded at standard rates charged by these organizations.

The following table summarizes the Revolving Fund's related party transactions that are in the normal course of operations.

| | 2000 | 1999 |
|---|---|---|
| Administration fees | $6,056,646 | $5,320,103 |
| Expenses | $843,344 | $690,394 |

At year end, the following amounts were due to/from related parties as a result of the transactions referred to above:

| | 2000 | 1999 |
|---|---|---|
| Accounts receivable | $961,823 | $973,502 |
| Accounts payable | $3,546 | $417,087 |

In addition, the Revolving Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

## 7. Budget

The various pension plan boards approved their component of the annual budget. A copy of the annual budget was also submitted to Treasury Board.

## 8. Amount Reported in the Public Accounts

The net revenue/(expenditure) of the Revolving Fund reported in the Pubic Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net income/(loss) | $ - | $ - |
| Decrease (increase) in capital assets | 38,308 | (488,253) |
| Amounts not included in Public Accounts due to timing | (290,083) | 381,495 |
| (Net financing requirement) recovery, reported in Public Accounts | $(251,775) | $(106,758) |

## 9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as accounts receivable or accounts payable that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total receivables are $961,823 at March 31, 2000 with no allowance for doubtful accounts. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair value

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure/recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
August 4, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# DEPARTMENT OF JUSTICE
# QUEEN'S PRINTER REVOLVING FUND
## BALANCE SHEET
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Accounts receivable | $ 88,106 | $ 143,659 |
| Inventories | 32,960 | 75,627 |
| Prepaid expenses | 998 | 100 |
| Total current assets | 122,064 | 219,386 |
| Capital assets (Note 5) | 24,382 | 23,879 |
| Total Assets | $ 146,446 | $ 243,265 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 60,966 | $ 124,828 |
| Unearned revenue (Note 6) | 79,065 | 76,719 |
| | 140,031 | 201,547 |
| Non-current liabilities: | | |
| Accumulated net (recovery)/expenditure (Statement 3) | (15,784) | 19,537 |
| Fund Equity: | | |
| Accumulated operating surplus (Statement 2) | 22,199 | 22,181 |
| Total Liabilities and Fund Equity | $ 146,446 | $ 243,265 |

(See accompanying notes to financial statements)

Statement 2

## DEPARTMENT OF JUSTICE
## QUEEN'S PRINTER REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget<br>(Note 9) | Actual | Actual |
| Sales | $ 911,750 | $ 782,730 | $ 851,537 |
| Cost of goods sold | (459,500) | (296,878) | (420,420) |
| Gross profit | 452,250 | 485,852 | 431,117 |
| Expenses: | | | |
| Salaries | 357,500 | 398,548 | 361,817 |
| Information technology | 12,500 | 25,098 | 21,134 |
| Amortization | 18,500 | 24,815 | 30,694 |
| Telephone | 12,000 | 10,480 | 11,106 |
| Office supplies | 18,500 | 9,899 | 14,257 |
| Other | 30,000 | 16,994 | 16,414 |
| Total expenses | 449,000 | 485,834 | 455,422 |
| Income (loss) from operations | 3,250 | 18 | (24,305) |
| Subsidy from General Revenue Fund | --- | --- | --- |
| Net income (loss) | 3,250 | 18 | (24,305) |
| Accumulated operating surplus, beginning of year | 31,750 | 22,181 | 46,486 |
| Accumulated operating surplus, end of year (Statement 1) | $ 35,000 | $ 22,199 | $ 22,181 |

(See accompanying notes to financial statements)

Statement 3

# DEPARTMENT OF JUSTICE
## QUEEN'S PRINTER REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/RECOVERY FOR THE YEAR ENDED MARCH 31

| | 2000 | 1999 |
|---|---|---|
| **Financing (provided by) required for operating activities:** | | |
| Net (income) loss | $ (18) | $ 24,305 |
| Items not affecting working capital -amortization | (24,815) | (30,694) |
| Net (decrease) in working capital items related to operations (Note 7) | (35,806) | (120,180) |
| | (60,639) | (126,569) |
| **Financing (provided by) required for investing activities:** | | |
| Purchase of capital assets | 25,318 | 8,427 |
| **Net (recovery)/expenditure** | (35,321) | (118,142) |
| **Accumulated net expenditure, beginning of year** | 19,537 | 137,679 |
| **Accumulated net (recovery)/expenditure, end of year - to Statement 1** | $ (15,784) | $ 19,537 |

(See accompanying notes to financial statements)

# DEPARTMENT OF JUSTICE
# QUEEN'S PRINTER REVOLVING FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

## 2. Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/ Recovery and Note 7. The following accounting policies are considered significant:

### a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

### b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the fund includes the following:

i) the net cash expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from other government agencies.

### c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of unsold Acts and Publications, books and loose-leaf releases and binders.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% for equipment, and 33 1/3% for computer hardware and software.

## 3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* specifies that the maximum amount of accumulated net expenditures which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

## 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 9.1(4) of *The Queen's Printer's Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Justice's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

## 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Acquisition Value | Accumulated Amortization | Net Book Value | Net Book Value |
| Computer Hardware | $ 160,328 | $ 141,345 | $ 18,983 | $ 18,168 |
| Computer Software | 24,500 | 24,500 | 0 | 1,260 |
| Equipment/Furniture | 19,043 | 13,644 | 5,399 | 4,451 |
| | $ 203,871 | $ 179,489 | $ 24,382 | $ 23,879 |

## 6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* and the Queen's Printer Electronic Subscription Service are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

## 7. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Decrease) in accounts receivable | $ (55,553) | $ (153,612) |
| (Decrease) in inventory | (42,667) | (56,022) |
| Increase/(decrease) in prepaid expenses | 898 | (5,518) |
| Decrease in accounts payable | 63,863 | 88,050 |
| (Increase)/decrease in unearned revenue | (2,347) | 6,922 |
| | $ (35,806) | $ (120,180) |

## 8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

| Category | 2000 | 1999 |
|---|---|---|
| Expenses | $113,142 | $114,493 |
| Accounts payable | 6,364 | 15,302 |

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year end are as follows:

| Category | 2000 | 1999 |
|---|---|---|
| Revenue | $ 288,118 | $ 343,401 |
| Accounts receivable | 52,441 | 69,788 |

In addition, the Revolving Fund pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

## 9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

## 10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 2000 to represent something other than a date. Although the change in date has already occurred, it is not possible to conclude that all aspects of the Year 2000 Issue affecting the Revolving Fund, including those related to the efforts of customers, suppliers, or other third parties, have been fully resolved.

## 12. Amount Reported in the Public Accounts

The net (financing requirement)/recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

| | 2000 | 1999 |
|---|---|---|
| Net income (loss) before subsidy | $ 18 | $ (24,305) |
| Amortization expense | 24,815 | 30,694 |
| Decrease in inventory | 42,667 | 56,022 |
| (Increase) in net capital assets | (25,318) | (8,427) |
| Timing differences in recording transactions | 4,432 | (66,064) |
| Net (financing requirement)/recovery, reported in the Public Accounts | $ 46,614 | $ (12,080) |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Resource Protection and Development Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
September 26, 2000

Statement 1

# RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
## BALANCE SHEET
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Accounts receivable (Note 11) | $ 49,698 | $ 64,943 |
| Inventories | 265[redacted] | 291,043 |
| Prepaid expenses | 44[redacted] | 45,706 |
| | 360,002 | 401,692 |
| Capital assets (Note 5) | 1,993,147 | 2,199,671 |
| | $ 2,353,149 | $ 2,601,363 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (Note 11) | $ 193,806 | $ 142,922 |
| Unearned revenue | 2,855 | — |
| | 196,661 | 142,922 |
| Non-current liabilities: | | |
| Accumulated net expenditure (Statement 3 and Note 11) | 1,971,936 | 2,163,134 |
| Fund equity: | | |
| Accumulated operating surplus (Statement 2) | 184,552 | 295,307 |
| | $ 2,353,149 | $ 2,601,363 |

(See accompanying notes to the financial statements)

Statement 2

# RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)
### For the Period ending March 31

| | Budget 2000 | Actual 2000 | Actual 1999 |
|---|---|---|---|
| Revenues: | | | |
| Spruce budworm program (Note 6) | $ 2,050,000 | $ 1,887,928 | $ 2,289,836 |
| Radio communications | 1,410,000 | 1,458,914 | 1,864,198 |
| Equipment rental and recoveries | 217,467 | 246,866 | 241,734 |
| Staff housing | 106,710 | 111,432 | 116,527 |
| Northern air operations | 60,000 | 46,022 | 122,989 |
| Other | — | 30,303 | 16,687 |
| Grants from Government of Canada | — | — | 5,401 |
| | 3,844,177 | 3,781,465 | 4,657,372 |
| Expenses: | | | |
| Contractual services | 2,302,310 | 2,175,492 | 2,588,552 |
| Salaries | 906,512 | 964,566 | 993,493 |
| Amortization | 338,955 | 309,146 | 348,338 |
| Materials & supplies | 245,400 | 274,402 | 256,541 |
| Travel & sustenance | 51,000 | 72,641 | 66,373 |
| Other | — | 666 | 150 |
| | 3,844,177 | 3,796,913 | 4,253,447 |
| Net (loss)/income (Notes 7 and 12) | $ — | (15,448) | 403,925 |
| Accumulated operating surplus(deficit), beginning of year | | 295,307 | (108,618) |
| Transfer to General Revenue Fund (Note 4) | | (95,307) | — |
| Accumulated operating surplus end of year(Statement 1) | | $ 184,552 | $ 295,307 |

(See accompanying notes to the financial statements)

Statement 3

# RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE
### For the Period ending March 31

| | 2000 | 1999 |
|---|---|---|
| **Financing (provided by) required for operating activities:** | | |
| Net loss/(income) | $ 15,448 | $ (403,925) |
| Items not affecting working capital | | |
| -amortization | (309,146) | (348,338) |
| -gain on disposal of capital assets | 26,958 | 9,571 |
| Net increase(decrease) in working capital Items related to operations (Note 8) | (95,429) | 90,138 |
| | (362,169) | (652,554) |
| **Financing (provided by) required for investing activities:** | | |
| Purchase of capital assets | 135,321 | 370,473 |
| Proceeds from sale of capital assets | (59,657) | (62,334) |
| | 75,664 | 308,139 |
| **Financing activities:** | | |
| Payment to the General Revenue Fund (Note 4) | 95,307 | — |
| Net decrease in financing requirements | (191,198) | (344,415) |
| Accumulated net expenditure, beginning of year | 2,163,134 | 2,507,549 |
| Accumulated net expenditure, end of year (Statement 1) | $ 1,971,936 | $ 2,163,134 |

(See accompanying notes to the financial statements)

# RESOURCE PROTECTION AND DEVELOPMENT REVOLVING FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority and Definition of Entity

The Revolving Fund operates under the authority of Section 19 of *The Natural Resources Act*. The purpose of the Revolving Fund is to provide resource protection and development services.

## 2. Significant Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 8. The following accounting policies are considered significant.

### a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

### b) Accumulated Net Expenditure

The accumulated net expenditure of the Fund includes the following:

i) net expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

### c) Inventories

Inventories are valued at the lower of average cost and net realizable value.

### d) Revenue recognition

Amounts received under contractual agreements are recognized as revenue in the year in which the related expenses are incurred. Amounts received before expenses are incurred are shown as unearned revenue.

### e) Capital Assets

Amortization is calculated on the straight line basis. Annual rates are from 5% to 33% for construction equipment and 8% for radio communication.

## 3. Authorized Financing

Subsection 19(9) of *The Natural Resources Act* specifies that the maximum balance amount of accumulated net expenditure which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $5,500,000 was established by Order in Council 515/94.

## 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Subsection 19(4) of *The Natural Resources Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $200,000. Treasury Board has also specified that if at the end of a fiscal year, the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year be paid to/from the General Revenue Fund. In 1999/00 $95,307 surplus was paid to the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Environment and Resource Management's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

## 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Equipment rental | $ 3,832,468 | $ 2,414,523 | $ 1,417,945 | $1,532,300 |
| Radio communications | 2,727,356 | 2,174,136 | 553,220 | 667,371 |
| Northern air operations | 25,885 | 3,903 | 21,982 | — |
| | $ 6,585,709 | $ 4,592,562 | $ 1,993,147 | $ 2,199,671 |

## 6. Spruce Budworm Control Program

The Department provides services to forestry companies under a 3-year agreement to control and monitor spruce budworms in designated areas. During the year, the Department received $1,890,560 (1999-$2,225,000) from forestry companies and spent $1,887,928 (1999-$2,289,836) on the program.

## 7. Segmented Information

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Revenues | Expenses | Net Income/ (loss) | Net Income/ (loss) |
| Radio communications | $ 1,458,914 | $ 1,480,705 | $ (21,791) | $ 365,318 |
| Equipment rentals | 246,866 | 213,937 | 32,929 | 57,800 |
| Staff housing | 111,432 | 145,347 | (33,915) | 15,899 |
| Northern air operations | 46,022 | 42,669 | 3,353 | (35,092) |
| Spruce budworm program | 1,887,928 | 1,887,928 | --- | --- |
| Other | 30,303 | 26,327 | 3,976 | --- |
| | $ 3,781,465 | $ 3,796,913 | $ (15,448) | $ 403,925 |

## 8. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Decrease)increase in accounts receivable | (15,245) | 13,771 |
| (Decrease)increase in inventories | (25,681) | 18,523 |
| (Decrease) in prepaid expenses | (764) | (14,765) |
| (Increase)decrease in accounts payable and accrued liabilities | (50,884) | 7,773 |
| (Increase)decrease in unearned revenue | (2,855) | 64,836 |
| | $(95,429) | $90,138 |

## 9. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. Rates charged by the Revolving Fund for services are calculated to recover costs incurred. These transactions, and amounts outstanding at year end, are as follows:

| Category | 2000 | 1999 |
|---|---|---|
| Revenue | $1,687,058 | $2,135,503 |
| Expenses | 252,360 | 190,281 |
| Accounts payable and accrued liabilities | 8,158 | 12,076 |
| Accounts receivable | 42,418 | 39,989 |

In addition, the Revolving Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

## 10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

## 11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 12. Amount Reported in Public Accounts

The net expense/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net (loss)/income | $ (15,448) | $ 403,925 |
| Decrease (increase) in inventory | 25,681 | (18,523) |
| Decrease in net capital assets | 206,524 | 30,629 |
| Payment to General Revenue Fund(Note 4) | (95,307) | ---- |
| Amounts not included in Public Accounts due to timing | 568 | (61,624) |
| Net recovery reported in Public Accounts | $ 122,018 | $ 354,407 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Saskatchewan Learning Resources Distribution Centre Revolving Fund as at March 31, 2000 and the statements of operations and accumulated operating surplus/deficit, and of changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
November 27, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
## BALANCE SHEET
As at March 31

### ASSETS

| | 2000 | 1999 |
|---|---|---|
| **Current:** | | |
| Petty Cash | $ 2,100 | $ 2,100 |
| Accounts receivable | 229,023 | 298,292 |
| Prepaid expenses | 2,558 | 3,777 |
| Inventories | 2,234,111 | 2,433,912 |
| Total Current Assets | 2,467,792 | 2,738,081 |
| Capital Assets (Note 5) | 247,760 | 337,669 |
| | $ 2,715,552 | $ 3,075,750 |

### LIABILITIES AND EQUITY

| | 2000 | 1999 |
|---|---|---|
| **Current Liabilities:** | | |
| Accounts Payable and accrued liabilities | $ 29,433 | $ 77,950 |
| Customers' deposits and credits | 7,282 | 20,039 |
| | 36,715 | 97,989 |
| **Non-current liabilites:** | | |
| Accumulated net expenditure (Statement 3) | 3,154,042 | 3,049,039 |
| **Fund Equity:** | | |
| Accumulated operating surplus/(deficit) (Statement 2) | (475,205) | (71,278) |
| | $ 2,715,552 | $ 3,075,750 |

(See accompanying notes to the financial statements)

Statement 2

## SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND

## STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/DEFICIT

### For the Year Ended March 31

| | 2000 | | 1999 |
|---|---|---|---|
| | Actual | Budget<br>(Note 10) | Actual |
| **Revenue:** | | | |
| Sales | $3,021,018 | $ 4,500,000 | $ 3,629,693 |
| Less: Cost of goods sold | 2,824,486 | 3,940,000 | 3,116,782 |
| Gross profit | 196,532 | 560,000 | 512,911 |
| Refund of previous year's expenditure | 658 | 0 | 0 |
| Other Income | 207 | 30 | 13 |
| WCP Project revenue (Note 12) | 211,693 | 195,000 | 248,750 |
| | 409,090 | 755,030 | 761,674 |
| **Operating expenses:** | | | |
| Salaries | 374,312 | 360,000 | 401,095 |
| Amortization | 112,226 | 110,000 | 101,899 |
| Postage | 45,698 | 45,000 | 49,233 |
| Office and warehouse expense | 30,848 | 45,000 | 45,960 |
| Computer support and maintenance | 41,480 | 35,000 | 102,920 |
| Freight and express out | 6,700 | 24,000 | 11,910 |
| Other | 12,464 | 24,300 | 11,676 |
| **WCP Project expenses:** | | | |
| Salaries | 81,110 | 90,900 | 94,462 |
| Audio-visual equip.,off.equip.rental,etc | 31,353 | 20,600 | 27,565 |
| Building rental | 50,495 | 51,500 | 50,227 |
| Office expense, etc. | 26,331 | 32,000 | 34,754 |
| | 813,017 | 838,300 | 931,701 |
| Net Income (loss) (Note 14) | (403,927) | (83,270) | (170,027) |
| Accumulated operating surplus/(deficit) beginning of year | (71,278) | (46,921) | 98,749 |
| Accumulated operating surplus/(deficit) end of year - to Statement 1 | $ (475,205) | $ (130,191) | $ (71,278) |

(See accompanying notes to the financial statements)

Statement 3

## SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND

## STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE

### For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Financing (provided by) required for operating activities: | | |
| Net (income) loss | $ 403,927 | $ 170,027 |
| Items not affecting working capital | | |
| amortization | (112,226) | (101,899) |
| gain (loss) on disposal of capital assets | 0 | (2) |
| Net increase (decrease) in working capital items related to operations (Note 7) | (209,476) | (98,713) |
| | 82,225 | (30,587) |
| Financing (provided by) required for investing activities | | |
| Purchase of capital assets | 22,317 | 58,751 |
| Proceeds from sale of capital assets | 0 | (47) |
| | 22,317 | 58,704 |
| Net increase in financing requirements | 104,542 | 28,117 |
| Assets transferred to Revolving fund at no cost during year (Note 9) | 461 | 1,251 |
| Accumulated net expenditure, beginning of year | 3,049,039 | 3,019,671 |
| Accumulated net expenditure, end of year - to Statement 1 | $ 3,154,042 | $ 3,049,039 |

(See accompanying notes to the financial statements)

## SASKATCHEWAN LEARNING RESOURCES DISTRIBUTION CENTRE REVOLVING FUND
## NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

### 1. Authority and Definition of Entity

The authority for this Revolving Fund is contained in section 10(4) of *The Education Act, 1995*. *The Education Act, 1995* was amended to change the name of the Saskatchewan Book Bureau Revolving Fund to the Saskatchewan Learning Resources Distribution Centre Revolving Fund. The purpose of the Saskatchewan Learning Resources Distribution Centre Revolving Fund is to finance and to provide a system of accounting for the purchase, sale and distribution of such school textbooks, workbooks, reference textbooks, related print and non-print materials as recommended by the Department of Education for use in Saskatchewan schools, and to serve as distributor and sales agent for publications and materials of the Department of Education.

### 2. Significant Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the statement of changes in Accumulated Net Expenditure and Note 7. The following accounting policies are considered significant:

a) Basis of Accounting

The accounts are maintained on an accrual basis of accounting.

b) Net Expenditure/(Recovery)

The net cash expenditure/(recovery) is the cash from /(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

c) Accumulated Net Expenditure

The accumulated net expenditure of the Fund includes the following:

i) Amounts due to the Minister of Finance as at March 31, 1982, and assumed by the Revolving Fund in respect of working capital advances.

ii) Net cash expenditure/(recovery) for each fiscal year; and

iii) The book value of assets acquired at no cost from another government agency.

d) Amortization

Amortization is provided on office and warehouse equipment on a straight-line basis at an annual rate of 10% of acquistion value. Computer software costs are amortized at an annual rate of 25% from the date the software becomes operational. Computer equipment is amortized on a straight-line basis at an annual rate of 25% of acquistion value.

e) Inventory Valuation

Inventory is valued at the lower of average cost and net realizable value.

f) Pricing Policy

The Revolving Fund's sales catalogue of books and educational materials and the retail list prices of the items therein are revised periodically by the management with a view to operating the Revolving Fund as close to the break even point as possible. For the 1997 to 2000 years, the retail list price of publications was based on invoice cost plus up to 16.5%.

## 3. Authorized Financing

Section 10(10) of *The Education Act, 1995* provides for a maximum amount of accumulated net expenditures which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. By Order in Council 11/85, the maximum amount has been set at $4,000,000.

## 4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with section 10(6) of *The Education Act, 1995* the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus (deficit) for the Learning Resources Distribution Centre Revolving Fund shall be $150,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated surplus (deficit) exceeds the maximum, then any surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid into (from) the General Revenue Fund.

## 5. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Net Book Value | Net Book Value |
| Office Equipment | $ 4,553 | $ 4,479 | $ 74 | $ 211 |
| Warehouse Equipment | 66,679 | 49,582 | 17,097 | 20,812 |
| Computer Software | 269,048 | 263,845 | 5,203 | 5,229 |
| Computer Equipment | 432,638 | 207,252 | 225,386 | 311,417 |
| | $ 772,918 | $ 525,158 | $ 247,760 | $ 337,669 |

Amortization provided in the financial statements for the current year amounted to $112,226 (1999 - $101,899).

### 6. Costs Borne by Other Agencies

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

### 7. Net Change in Working Capital Items Related to Operations

| | 2000 | 1999 |
|---|---|---|
| (Decrease)/increase in accounts receivable | $ (69,269) | $ 20,896 |
| (Decrease)/increase in prepaid expenses | (1,219) | (1,329) |
| (Decrease)/increase in inventories | (200,262) | (234,465) |
| Decrease/(increase) in accounts payable | 61,274 | 116,185 |
| | $ (209,476) | $ (98,713) |

### 8. Related Parties

These financial statements include transactions with related parties. The LRDC Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

### 9. Transfer of Inventory

The Department of Education transferred inventory items valued at $461 (1999 - $1251) to the Revolving Fund at no cost.

### 10. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

### 11. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable, accounts payable and accrued liabilities. Due to their immediate or short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

## 12. WCP Project

Western Canadian Protocol for Collaboration in Basic Education – Manitoba Education and Training has contracted Saskatchewan Education to provide a staffed facility and related services for the evaluation of learning resources that support the curriculum framework developed by this collaboration.

## 13. Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sentsitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 date is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## 14. Amount Reported in Public Accounts

The net financing requirement of the Revolving Fund reported in the Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving fund and the General Revenue Fund:

| | 2000 | 1999 |
|---|---|---|
| Net income/(loss) from operations | $ (403,927) | $ (170,02 |
| (Increase)/decrease in inventory balance | 199,801 | 233,21 |
| (Increase)/decrease in net capital assets | 89,910 | 43,19 |
| Amounts not included in Public Accounts, due to timing | 64,973 | (36,04 |
| (Net financing requirement)/recovery, reported in the Public Accounts | $ (49,243) | $ 70,33 |

# Agricultural Credit Corporation of Saskatchewan

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the balance sheet of **Agricultural Credit Corporation of Saskatchewan** as at March 31, 2000 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP.

Chartered Accountants

Regina, Saskatchewan
April 27, 2000

# Agricultural Credit Corporation of Saskatchewan

## BALANCE SHEET

| | March 31 | |
|---|---|---|
| | 2000 | 1999 |
| | (In thousands) | |
| **Assets** | | |
| Cash and short term investments | $ 11,003 | $ 462 |
| Accounts receivable | 70 | 3,118 |
| Loans receivable *(Notes 3, 4 & 5)* | 64,299 | 86,663 |
| Assets held for resale *(Notes 5 & 6)* | 10,989 | 12,118 |
| Capital assets *(Note 7)* | 296 | 335 |
| Prepaid and deferred costs | 152 | 357 |
| | $ 86,809 | $ 103,053 |
| **Liabilities** | | |
| Interest and other accrued payables | $ 7,845 | $ 7,729 |
| Unexpended grants payable *(Schedule 2)* | 269 | 305 |
| Long-term debt *(Note 8)* | 77,894 | 94,179 |
| | 86,008 | 102,213 |
| **Equity** | | |
| Equity in capital assets (Note 7) | 296 | 335 |
| Accumulated surplus | 505 | 505 |
| | 801 | 840 |
| | $ 86,809 | $ 103,053 |

Contingencies and commitments (Note 10)

The accompanying notes are an integral part of the financial statements.

# Agricultural Credit Corporation of Saskatchewan

## *STATEMENT OF OPERATIONS AND SURPLUS*

**For the year ended March 31**

| | Budget 2000 (unaudited) (Note 15) | Actual 2000 | Actual 1999 |
|---|---|---|---|
| | | (In thousands) | |
| **Interest and dividend income** *(Note 9)* | | | |
| Loans receivable | $ 10,436 | $ 11,089 | $ 13,533 |
| Sinking fund and short term investments | 8,110 | 6,404 | 8,218 |
| | 18,546 | 17,493 | 21,751 |
| **Interest expense** | | | |
| Long-term debt | 29,146 | 29,143 | 30,589 |
| **Net interest expense** | 10,600 | 11,650 | 8,838 |
| Provision for losses *(Note 5)* | - | (1,050) | 2,748 |
| Counselling and assistance for farmers program claim | - | - | (9) |
| Administrative expenses *(Schedule 1)* | 6,522 | 5,510 | 6,700 |
| Other income | (642) | (496) | (961) |
| **Loss before grants** | 16,480 | 15,614 | 17,316 |
| **Grants** *(Schedule 2)* | 16,533 | 15,883 | 17,621 |
| **Surplus before unexpended grants repayable** | 53 | 269 | 305 |
| **Unexpended grants repayable** *(Schedule 2)* | - | (269) | (305) |
| **Surplus for the year** | 53 | - | - |
| **Surplus - Beginning of year** | 505 | 505 | 505 |
| **Surplus - End of year** | $ 558 | $ 505 | $ 505 |

The accompanying notes are an integral part of the financial statements.

# Agricultural Credit Corporation of Saskatchewan

## *STATEMENT OF CASH FLOWS*

**For the year ended March 31**

| | 2000 | 1999 |
|---|---|---|
| | (In thousands) | |
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Change in working capital other than cash (Note 12) | $ 2,463 | $ 5,633 |
| New loans advanced | - | (2) |
| Principal payments received | 21,439 | 27,923 |
| (Increase) decrease in accounts receivable | 3,048 | (3,057) |
| (Decrease) Increase in unexpended grant repayable | (36) | 181 |
| Decrease in CAFF claims payable | - | (9) |
| Increase (decrease) in other operating activities | (88) | 131 |
| | 24,363 | 25,167 |
| | 26,826 | 30,800 |
| **Financing activities** | | |
| Decrease in long-term debt | (16,285) | (30,555) |
| **Net increase in cash** | 10,541 | 245 |
| **Cash and other equivalents - Beginning of the year** | 462 | 217 |
| **Cash and other equivalents - End of the year** | $ 11,003 | $ 462 |

The accompanying notes are an integral part of the financial statements.

# Agricultural Credit Corporation of Saskatchewan

## NOTES TO FINANCIAL STATEMENTS

**March 31, 2000**

### 1. Status of the Corporation

The Agricultural Credit Corporation of Saskatchewan (ACS) is a Corporation that acts as an agent of the Government of Saskatchewan and provides financial assistance to encourage and promote the development and expansion of the agricultural industry in the Province. On March 28, 1996, the Government of Saskatchewan announced that ACS would be wound up.

### 2. Significant accounting policies

a) Under Section 29 of The Agricultural Credit Corporation of Saskatchewan Act, the Minister of Agriculture and Food may make grants to the Corporation out of monies appropriated by the Legislature. Grants may be provided for the payment of administration costs, for the payment of interest on funds borrowed, to defray losses on loans not repaid and for other purposes that may be determined by the Minister. Grant funds received for the fiscal year are for specific purposes. Any excess funds received for the fiscal year and not expended on each specific purpose are reported on the Balance sheet as Unexpended grants repayable.

New expenditures incurred in a fiscal year which exceed the grant provided for that purpose are reported as a deficit for the year and may be recovered from the grant to be received for that purpose in a subsequent year.

b) Amounts recovered from customers for capital grants paid to them in prior years and amounts recovered for guarantees paid under discontinued programs are retained by the Corporation and are reported as surplus.

c) Capital assets are expensed in the year of purchase. To maintain accountability, these assets are reflected on the Balance sheet, net of accumulated depreciation, with an offsetting equity balance. All Capital assets are depreciated on a straight-line basis over a five year period.

d) Discounts and expenses relating to the issuance of debt are amortized on a straight-line basis over the life of the debt and are included in Interest expense on long-term debt. The unamortized costs are carried on the Balance sheet in Prepaid and deferred costs.

e) The Allowance for losses represents management's estimate of possible losses on loans and debentures outstanding at the end of the fiscal year. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the allowance for losses. This allowance has been based, in general, upon an estimate derived from a sample of outstanding loans and, in part, on a review of existing impaired loans.

f) The Corporation records, as Assets held for resale, the fair market value, at the date of acquisition, of assets acquired through settlement, quit claim or foreclosure. These asset values are adjusted annually for carrying costs and for the income or loss from any operations associated with the assets.

# Agricultural Credit Corporation of Saskatchewan

## 3. *Loan programs*

a) Capital loan program

Loans are repayable over terms not exceeding 25 years and bear interest at rates between 6% and 13 ½%. Security on the loans varies and may include mortgages on real property, security agreements and guarantees.

b) Investment loan program

Investment loans bear interest at rates between 8 ½% and 10 ½% and are repayable over terms not exceeding 25 years. Security on the loans varies and may include mortgages on real property, security agreements and guarantees.

c) Production loan program

Production loans were disbursed in 1986 to provide farmers, bee colony owners, potato producers and greenhouse operators with loans bearing interest at 6%, repayable in equal principal instalments over a term of three years. Amounts in arrears are at prime plus 2%. Amendments to the program allowed the borrowers to reschedule their outstanding loans to mature in 1997. Subsequently, some loans were rewritten with longer terms to assist borrowers to repay their loans. These amended loans bear interest at an average rate of 9%.

The loans are secured by promissory notes, and where applicable, by guarantees and general security agreements.

d) Livestock cash advance program

Effective August 1, 1993, customers with Livestock cash advances began repaying the loans, bearing interest at the bank prime rate plus 2% over a maximum five year period. Subsequently, some loans were rewritten with longer terms to assist borrowers to repay their loans. These amended loans bear interest at an average rate of 9%.

The loans are secured by promissory notes, and where applicable, by guarantees.

e) Spring seeding loan program

During the 1992 fiscal year, the Corporation paid out $48.6 million to honour guarantees on loans granted by financial institutions under the Spring seeding loan program. The loans bear interest at prime plus 2%.

The loans are secured by promissory notes and, where applicable, by guarantees and general security agreements.

f) Counselling and assistance for farmers program

Effective August 1, 1992, ACS assumed responsibility for loans and guarantees, which were outstanding under the Counselling, and assistance for farmers program. New guarantees were not issued under this program by the Corporation. The existing guarantees had been renewed until March 31, 1995 at which time the program was terminated.

The majority of the loans under this program are in default, had judgements obtained on them and bear interest at 5%.

The loans are secured by way of an assignment of security from the original lender.

# Agricultural Credit Corporation of Saskatchewan

g) Other loans

The Corporation is continuing collection of cash advances made to cattle producers up to March 31, 1980 under Part VI, VII, VIII of the Regulations under The Agricultural Incentives Act.

The loans are secured by promissory notes.

## 4. *Loans receivable*

| | 2000 Gross | 2000 Allowance | 2000 Net | 1999 Gross | 1999 Allowance | 1999 Net |
|---|---|---|---|---|---|---|
| | | | (In thousands) | | | |
| Capital loans | $ 92,687 | $ 31,904 | $ 60,783 | $ 112,577 | $ 34,649 | $ 77,928 |
| Investment loans | 940 | 312 | 628 | 3,460 | 339 | 3,121 |
| Production loans | 3,254 | 1,653 | 1,601 | 5,591 | 2,944 | 2,647 |
| Livestock cash advances | 2,324 | 1,097 | 1,227 | 5,038 | 2,162 | 2,876 |
| Spring seeding loans | 78 | 18 | 60 | 143 | 52 | 91 |
| Counselling and assistance for farmers loans | 2,149 | 2,149 | - | 3,159 | 3,159 | - |
| Other loans | 2 | 2 | - | 2 | 2 | - |
| | $ 101,434 | $ 37,135 | $ 64,299 | $ 129,970 | $ 43,307 | $ 86,663 |

During the year a number of the Corporation's customers refinanced their Production loans, Livestock cash advances, Spring seeding loans and Counselling and assistance for farmers loans under the Capital loan program.

## 5. *Allowance for losses*

| | Loans | Assets held for resale | 2000 | 1999 |
|---|---|---|---|---|
| | | | (In thousands) | |
| **Balance - Beginning of year** | $ 43,307 | $ 3,902 | $ 47,209 | $ 51,390 |
| Provision for losses | (294) | (756) | (1,050) | 2,748 |
| Losses and write-offs | (5,878) | 274 | (5,604) | (6,929) |
| **Balance - End of the year** | $ 37,135 | $ 3,420 | $ 40,555 | $ 47,209 |

The allowance for loan losses for Capital loans approved prior to October 1, 1987, Production loans, Livestock cash advances, Spring seeding loans, Counselling and assistance for farmers loans and Other loans is funded by a grant from Province of Saskatchewan, Department of Agriculture and Food.

## Agricultural Credit Corporation of Saskatchewan

### 6. *Assets held for resale*

| | 2000 | 1999 |
|---|---|---|
| | (In thousands) | |
| Cost | **$ 14,409** | $ 16,020 |
| Allowance for losses | **(3,420)** | (3,902) |
| | **$ 10,989** | $ 12,118 |

### 7. *Capital assets and equity in capital assets*

| | 2000 | 1999 |
|---|---|---|
| | (In thousands) | |
| Cost | **$ 3,359** | $ 3,320 |
| Accumulated depreciation | **(3,063)** | (2,985) |
| | **$ 296** | $ 335 |

### 8. *Borrowing*

Sections 17 and 19 of The Agricultural Credit Corporation of Saskatchewan Act allows the Corporation to borrow, with the approval of the Lieutenant Governor in Council, monies from various sources as it deems necessary for its purposes. Section 22 restricts total borrowing by the Corporation to $2,000,000,000.

a) Long-term debt

All long-term debt is repayable to the Province of Saskatchewan General Revenue Fund. Interest is payable semi-annually with principal due at maturity.

# Agricultural Credit Corporation of Saskatchewan

The weighted average interest rates of this debt follows:

| Year of Maturity | 2000 Amount Due | 2000 Weighted Average Interest Rate | 1999 Amount Due | 1999 Weighted Average Interest Rate |
|---|---|---|---|---|
| | (In thousands) | | | |
| **Debentures** | | | | |
| 2001 | $ **28,600** | **12.36%** | $ 28,600 | 12.36% |
| 2002 | **33,000** | **15.75%** | 33,000 | 15.75% |
| 2003 | **20,434** | **15.89%** | 20,434 | 15.89% |
| 2004 | **13,517** | **11.59%** | 13,517 | 11.59% |
| | **95,551** | **13.52%** | 95,551 | 13.52% |
| **Bonds** | | | | |
| 2001 | **140,000** | **11.00%** | 140,000 | 11.00% |
| | **235,551** | **12.02%** | 235,551 | 12.02% |
| Less: Equity in sinking fund | **157,657** | | 141,372 | |
| | $ **77,894** | | $ 94,179 | |

A sinking fund was established in 1996/97 to provide payment of the bonds and debentures as they mature. The sinking fund is with the Department of Finance.

## 9. *Interest income*

Interest income and dividend income

| | **2000** | 1999 |
|---|---|---|
| | (In thousands) | |
| Loans receivable | $ **10,235** | $ 13,472 |
| Interest recognized on impaired loans | **854** | 61 |
| Short-term investments | **318** | 180 |
| Sinking fund investments | **6,086** | 8,038 |
| | $ **17,493** | $ 21,751 |

# Agricultural Credit Corporation of Saskatchewan

## 10. Guaranteed loans under The Agricultural Credit Corporation of Saskatchewan Act

Guarantees may be provided by the Corporation to vendors under the Guaranteed vendor mortgage program for the sale of farm land and existing improvements. The guarantees are for 100% of the principal amount outstanding. The contingent liability of the Corporation for guaranteed vendor mortgages outstanding at March 31, 2000 was $536,000 (1999 - $660,000).

## 11. Related party transactions

Included in these financial statements are income and expense amounts resulting from routine operating transactions with various Saskatchewan crown-controlled departments, agencies and corporations with which the Corporation is related. Transactions with these parties are recorded at what management believes are normal market prices. Account balances from these transactions are included in the Balance sheet and are settled on normal trade terms. Other transactions and amounts due to and from related parties and the terms of settlement are described separately in the financial statements and notes thereto.

Included in accounts receivable at March 31, 2000 is $nil (1999 - $3,052,000) from Saskatchewan Agriculture and Food to fund administration, loan loss and interest subsidy expenses. As well, at March 31, 2000, the Corporation owes $6,906,000 (1999 - $6,906,000) (included with interest and other accrued payables) to the Province of Saskatchewan General Revenue Fund for interest on long-term debt. The Corporation also has loans receivable of $nil (1999 - $2,379,000) from a customer with which Crown Investments Corporation of Saskatchewan has a controlling interest. In addition, included in cash and short-term investments is $10,944,000 of short-term investments held with the Department of Finance.

During the year, the Corporation paid $425,000 (1999 - $594,000) to Saskatchewan Property Management Corporation primarily for office occupancy expenses. The lease terms have been negotiated for 5 to 10 year periods with an option to relinquish the lease space with three months notice.

In addition, the Corporation also paid $716,905 (1999- $633,000) to other related parties at normal trade terms.

The expenses paid to the related parties were included with the total Administration expenses.

During the year the Corporation was responsible for collection of inactive accounts on behalf of Saskatchewan Crop Insurance Corporation (SCIC) and Lands Branch. For these services, a commission of $258,153 was received from SCIC and is included in other income.

## 12. Change in working capital other than cash

| | 2000 | 1999 |
|---|---|---|
| | (In thousands) | |
| Decrease in accrued interest on loans receivable | $ 1,628 | $ 2,501 |
| Increase (decrease) in accrued interest on debt payable | - | (1,113) |
| Provision for losses | (1,050) | 2,748 |
| Increase in other non-cash items | 1,885 | 1,497 |
| | $ 2,463 | $ 5,633 |

# Agricultural Credit Corporation of Saskatchewan

## 13. *Financial instruments*

### Fair values

Estimated fair value approximates amounts at which financial instruments could be exchanged in an arm's length transaction between willing parties who are under no compulsion to act. Many of the Corporation's financial instruments lack an available trading market, so fair values are based on estimates using present value techniques which are affected by assumptions concerning the timing of future cash flows and discount rates. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Corporation has determined the fair value of its financial instruments as follows:

a) Cash, short-term investments, acounts receivable, interest and other accrued payables:

The carrying amount on the balance sheet approximates fair value because of the short-term nature of these instruments.

b) Loans receivable:

Fair value was not established for the loan portfolio due to there being no established market for the developmental loans made by the Corporation. With no available market information and the diverse nature of the loan portfolio it was not deemed practicable to determine the fair value with sufficient reliability.

c) Notes payable and debentures payable:

The estimated fair values for all long-term debt obligations and the sinking fund are estimated using discounted cash flow analysis based on current incremental borrowing rates for similar borrowing arrangements. The estimated fair values of these financial instruments may not represent the amounts that could be realized upon settlement.

The estimated fair values of the Corporation's debt instruments are as follows:

| | **2000** | | **1999** | |
|---|---|---|---|---|
| | **Carrying amount** | **Estimated fair value** | Carrying amount | Estimated fair value |
| | (In thousands) | | | |
| Debentures payable | **$ 95,551** | **$ 105,049** | $ 95,551 | $ 109,503 |
| Bonds payable | **140,000** | **142,569** | 140,000 | 145,560 |
| Sinking fund | **(157,657)** | **(156,770)** | (141,372) | (141,563) |
| | **$ 77,894** | **$ 90,848** | $ 94,179 | $ 113,500 |

### Credit risk management

Credit risk arises from potential for borrowers to default on their contractual loan obligations. Credit exposure on the Corporation's loan portfolio is managed through appropriate due diligence and account administration. To minimize the credit risk associated with the loans the Corporation requires security agreements and personal guarantees on all loans.

### Interest rate risk management

The Corporation manages interest rate risk by borrowing long-term debt through the Province of Saskatchewan General Revenue Fund at fixed interest rates and terms designated to match the average terms of the Corporation's loan portfolio.

## *14. Uncertainty due to Year 2000 issues*

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems that use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## *15. Budget figures*

The Budget figures are presented for comparison purposes, are unaudited, and are those approved by the Board, reclassified to conform with the presentation of these financial statements.

# Agricultural Credit Corporation of Saskatchewan

## *SCHEDULE 1*
### *For year ended March 31*

### *Administrative Expenses*

| | 2000 | 1999 |
|---|---|---|
| | (In thousands) | |
| Communications | $ **126** | $ 179 |
| Legal and registration fees | **285** | 401 |
| Management information systems | **164** | 475 |
| Office occupancy | **397** | 573 |
| Professional services | **108** | 146 |
| Salaries and benefits | **3,349** | 4,115 |
| Severance costs due to wind up | **786** | 460 |
| Supplies and office equipment | **81** | 82 |
| Travel and sustenance | **214** | 269 |
| | $ **5,510** | $ 6,700 |

## Agricultural Credit Corporation of Saskatchewan

### SCHEDULE 2
### *Grants from Province of Saskatchewan - Department of Agriculture and Food*

As described in Note 2a, the following table summarizes grant activity for the year ended March 31, 2000.

| | Administration | Interest Subsidy | Loan Losses & Guarantees | Counselling & Assistance for Farmers | 2000 Total | 1999 Total |
|---|---|---|---|---|---|---|
| | | | (In thousands) | | | |
| Appropriation approved | $ 5,933 | $ 10,600 | $ - | $ - | $ 16,533 | $ 22,092 |
| Appropriation not required | (650) | - | - | - | (650) | (4,471) |
| Grant proceeds available | 5,283 | 10,600 | - | - | 15,883 | 17,621 |
| **Expenditures** | | | | | | |
| Administration | 5,510 | - | - | - | 5,510 | 6,700 |
| Interest | - | 29,143 | - | - | 29,143 | 30,589 |
| Provision for losses | - | - | (622) | (428) | (1,050) | 2,748 |
| Less | | | | | | |
| Interest income | - | (17,376) | - | (117) | (17,493) | (21,751) |
| Other income | (496) | - | - | - | (496) | (961) |
| Counselling and assistance for farmers | - | - | - | - | - | (9) |
| **Net expenditure (revenue)** | 5,014 | 11,767 | (622) | (545) | 15,614 | 17,316 |
| | $ 269 | $ (1,167) | $ 622 | $ 545 | $ 269 | $ 305 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agricultural Implements Board as at March 31, 2000 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
July 6, 2000

Statement 1

## AGRICULTURAL IMPLEMENTS BOARD
## STATEMENT OF FINANCIAL POSITION
As at March 31

| | 2000 | 1999 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Due from General Revenue Fund (Note 3) | $ 134,787 | $ 126,501 |
| Accrued interest receivable | 1,699 | 1,596 |
| | 136,486 | 128,097 |
| **LIABILITIES** | | |
| Accounts payable | --- | --- |
| Net Financial Assets (Statement 2) | $ 136,486 | $ 128,097 |

(See accompanying notes to the financial statements)

Statement 2

# AGRICULTURAL IMPLEMENTS BOARD
## STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Revenue:** | | |
| Assessment levies | $ 2,825 | $ 2,825 |
| Interest income | 6,380 | 6,678 |
| | 9,205 | 9,503 |
| **Expenditure:** | | |
| Compensation payments | --- | 6,449 |
| Investigations and hearings | 816 | 3,588 |
| Provision for doubtful accounts | --- | 4,602 |
| | 816 | 14,639 |
| Surplus (deficit) for the year | 8,389 | (5,136) |
| Net Financial Assets, beginning of year | 128,097 | 133,233 |
| Net Financial Assets, end of year - to Statement 1 | $ 136,486 | $ 128,097 |

(See accompanying notes to the financial statements)

Statement 3

# AGRICULTURAL IMPLEMENTS BOARD
## STATEMENT OF CASH FLOWS
## Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash receipts from distributors | $ 2,825 | $ 4,183 |
| Cash paid to claimants and employees | (816) | (16,355) |
| Interest received | 6,277 | 6,615 |
| **Net increase (decrease) in cash position** | 8,286 | (5,557) |
| **Due from General Revenue Fund, beginning of year** | 126,501 | 132,058 |
| **Due from General Revenue Fund, end of year** | $ 134,787 | $ 126,501 |

(See accompanying notes to the financial statements)

# AGRICULTURAL IMPLEMENTS BOARD
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Accounts Receivable, Accounts Payable

The carrying value of accounts receivable and accounts payable approximates fair value.

c) Due from General Revenue Fund

The amount due from the General Revenue Fund is interest bearing as described in Note 3. The carrying value approximates fair value.

## 2. Authority

The Agricultural Implements Board is continued under *The Agricultural Implements Act*. Under this Act, a fund known as the Agricultural Implements Compensation Fund, through which all transactions reflected in these statements are conducted, is continued:

a) to pay compensation to farmers;

b) to defray the expenses of investigating and hearing claims for compensation under this Act; and

c) to maintain a reserve fund to pay compensation that may become payable in the future.

## 3. Due from General Revenue Fund

The Agricultural Implements Board's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2000 average rate – 4.79%; 1999 average rate – 5.04%) and the Agricultural Implements Board's average daily bank account balance.

## 4. Costs Borne by Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control by the Government of Saskatchewan.

The investigation and hearing expenditures of $816 (1999 - $3,588) were conducted by the Department of Justice.

Salary and administration costs other than those in respect of investigations and hearings have been absorbed by various departmental appropriations and are therefore not reflected in these financial statements.

Other transactions with related parties and amounts due to or from them are described separately in these financial statements and the notes hereto.

## 5. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Equity Fund as at March 31, 1999 and the statements of revenue, expenditure and net assets (deficiency), and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
September 30, 1999

Wayne Strelioff, CA
Provincial Auditor

**Statement 1**

## AGRI-FOOD EQUITY FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Due from General Revenue Fund (Note 3) | $ 414,922 | $ 21,631 |
| Accounts receivable (Note 8) | 3,156,078 | 234,226 |
| Accrued interest & dividends receivable | 88,982 | 4,872 |
| | 3,659,982 | 260,729 |
| Deposits held by lawyer (Note 6) | 430,000 | — |
| Investments (Note 4) | 8,178,218 | 3,849,000 |
| Total assets | $ 12,268,200 | $ 4,109,729 |
| **LIABILITIES AND NET ASSETS (DEFICIENCY)** | | |
| Current liabilities: | | |
| Accounts payable | $ 842 | $ 564 |
| Loan payable (Note 7) | 9,763,081 | 4,913,081 |
| Total liabilities | 9,763,923 | 4,913,645 |
| Net assets (deficiency) (Statement 2) | 2,504,277 | (803,916) |
| Total liabilities and net assets (deficiency) | $ 12,268,200 | $ 4,109,729 |

(See accompanying notes to the financial statements)

Statement 2

## AGRI-FOOD EQUITY FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS (DEFICIENCY)
### Year Ended March 31

| | Budget 1999 | 1999 | 1998 |
|---|---|---|---|
| Revenue | | | |
| Grants from the Department of Agriculture & Food | $ 2,388,000 | $ 3,150,000 | $ 282,146 |
| Interest & dividends | 376,000 | 234,701 | 96,535 |
| Administration fee | 10,000 | 5,000 | 7,489 |
| Miscellaneous | --- | 195 | --- |
| Total revenue | 2,774,000 | 3,389,896 | 386,170 |
| Expenditure | | | |
| Financing costs | 1,138,000 | 78 | 61,546 |
| Professional fees | — | 842 | — |
| Provision for investment loss | 1,250,000 | 80,783 | 1,277,471 |
| Total expenditure | 2,388,000 | 81,703 | 1,339,017 |
| Net revenue (expenditure) | $ 386,000 | 3,308,193 | (952,847) |
| Net (deficiency) assets, beginning of year | | (803,916) | 148,931 |
| Net assets (deficiency), end of year - to Statement 1 | | $ 2,504,277 | $ (803,916) |

(See accompanying notes to the financial statements)

Statement 3

## AGRI-FOOD EQUITY FUND
## STATEMENT OF CASH FLOWS
## Year Ended March 31

| | 1999 | 1998 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating Activities: | | |
| Net revenue (expenditure) | $ 3,308,193 | $ (952,847) |
| Add items not affecting cash: | | |
| Provision for investment loss | 80,783 | 1,277,471 |
| Net change in non-cash working capital items: | | |
| (Increase) in accounts receivable | (3,005,963) | (197,295) |
| Increase (decrease) in accounts payable | 278 | (6,517) |
| Cash provided by operating activities | 383,291 | 120,812 |
| Financing Activities: | | |
| Increase in loan payable | 4,850,000 | 4,524,967 |
| Cash provided by financing activities | 4,850,000 | 4,524,967 |
| Investing Activities: | | |
| Net (increase) in deposits held by lawyer | (430,000) | — |
| Purchase of investments | (4,420,000) | (4,624,148) |
| Redemption of investments | 10,000 | — |
| Cash used in investing activities | (4,840,000) | (4,624,148) |
| Net change in cash position | 393,291 | 21,631 |
| Due from General Revenue Fund, beginning of year | 21,631 | — |
| Due from General Revenue Fund, end of year | $ 414,922 | $ 21,631 |

(See accompanying notes to the financial statements)

# AGRI-FOOD EQUITY FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 1999

## 1. Authority and Definition

The Agri-Food Equity Fund operates pursuant to Section 17.2 of *The Department of Agriculture Act* (Act) to promote and develop agriculture diversification in Saskatchewan. The Fund originated in 1994 as a division of the Agricultural Credit Corporation of Saskatchewan (ACS). The transfer of authority for the Fund to the Department of Agriculture and Food was effective September 22, 1997 by Order in Council 625/1997.

The Fund's mandate is to finance enterprises that promote the creation and expansion of agricultural enterprises in Saskatchewan. Investments may take the form of secured bonds, secured debentures and equity of the enterprise. Pursuant to regulations under the Act, the Fund is restricted to a maximum 49% investment in an enterprise's long-term debt or equity, up to $1 million unless otherwise authorized by the Minister.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

Interest and dividend revenue is recognized as follows:

i) When there is reasonable assurance of ultimate collection, revenue is recognized when earned.

ii) When there is uncertainty as to ultimate collection, revenue is recognized when received.

Grants from the Department of Agriculture and Food are recognized as revenue when they are received/receivable.

c) Investments

Investments are accounted for at cost.

d) Provision for Investment Loss

The provision for investment loss represents management's estimate of likely losses based upon an individual review of the investments. It is possible that changes in future conditions in the near term could require a material change in the provision.

## 3. Due from General Revenue Fund

The Fund's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (1999 average rate – 5.04%; 1998 average rate – 3.77%) and the Fund's average daily bank account balance.

## 4. Investments

| Investments are comprised as follows: | 1999 | 1998 |
|---|---|---|
| Loans and debentures | $ 6,384,785 | $ 4,449,785 |
| Common shares | 2,509,645 | 1,284,645 |
| Preferred shares | 2,042,041 | 792,041 |
| | 10,936,471 | 6,526,471 |
| Less: provision for investment loss | (2,758,253) | (2,677,471) |
| | $ 8,178,218 | $ 3,849,000 |

Investments include interest-bearing instruments at rates ranging from 6% to 15% with maturities extending to the year 2004. Investments also include $1.95 million (1998 - $1.05 million) in participating debentures. The profitability of the investee determines the repayment of principal and interest on the participating investments.

## 5. Financial Instruments

The Fund has determined the fair value of its financial instruments as follows:

a) Due from GRF, accounts receivable, accrued interest and dividends receivable, accounts payable and loan payable:

The carrying amounts on the statement of financial position approximate their fair value due to the short-term nature of these instruments.

b) Investments:

It is not practicable to determine fair values for the investment portfolio due to the lack of a market for these investments. An attempt to determine fair values would not be sufficiently reliable.

## 6. Commitments

At year-end, the Fund had approved but not yet disbursed investments of $650,000. This includes the $430,000 in Deposits held by lawyer shown on Statement 1.

## 7. Loan Payable

The Fund borrows from the General Revenue Fund to fulfil its mandate. The loan is non-interest bearing with no fixed terms of repayment and is limited to a maximum of $20 million.

## 8. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

Included in accounts receivable is grant revenue of $3,150,000 due from the Department of Agriculture and Food for the Fund's financing costs and investment loss provision.

The Fund received use of office space and administrative services from the Department of Agriculture and Food without charge.

Other amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Equity Fund as at March 31, 2000 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
October 24, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## AGRI-FOOD EQUITY FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Due from General Revenue Fund (Note 3) | $ 975,640 | $ 414,922 |
| Accounts receivable | 12,048 | 6,078 |
| Accrued interest & dividends receivable | 54,760 | 88,982 |
| Deposits held by lawyer (Note 7) | --- | 430,000 |
| Due from Department of Agriculture & Food (Note 9) | 3,150,000 | 3,150,000 |
| Investments (Note 4) | 9,373,574 | 8,178,218 |
| | $ 13,566,022 | $ 12,268,200 |
| **LIABILITIES** | | |
| Accounts payable | $ --- | $ 842 |
| Loan payable (Note 8) | 11,969,557 | 9,763,081 |
| | 11,969,557 | 9,763,923 |
| **Net financial assets** (Statement 2) | $ 1,596,465 | $ 2,504,277 |

(See accompanying notes to the financial statements)

Statement 2

## AGRI-FOOD EQUITY FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
### Year Ended March 31

| | Budget 2000 | 2000 | 1999 |
|---|---|---|---|
| **Revenue** | | | |
| Grants from the Department of Agriculture & Food | $ 2,927,000 | $ --- | $ 3,150,000 |
| Interest & dividends | 410,000 | 215,398 | 234,701 |
| Gain on sale of investment | --- | 18,240 | --- |
| Administration fee | 5,000 | 1,510 | 5,000 |
| Miscellaneous | --- | --- | 195 |
| Total revenue | 3,342,000 | 235,148 | 3,389,896 |
| **Expenditure** | | | |
| Financing costs | --- | --- | 78 |
| Professional fees | --- | --- | 842 |
| Provision for investment loss | 3,280,000 | 1,142,960 | 80,783 |
| Total expenditure | 3,280,000 | 1,142,960 | 81,703 |
| Surplus (Deficit) for the year | $ 62,000 | (907,812) | 3,308,193 |
| Net financial assets (deficiency), beginning of year | | 2,504,277 | (803,916) |
| Net financial assets, end of year - to Statement 1 | | $ 1,596,465 | $ 2,504,277 |

(See accompanying notes to the financial statements)

Statement 3

# AGRI-FOOD EQUITY FUND
## STATEMENT OF CASH FLOWS
## Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from clients | $ 2,884 | $ 4,695 |
| Cash received from Agricultural Credit Corporation of Saskatchewan | --- | 13,489 |
| Grant received from Department of Agriculture and Food | --- | 220,601 |
| Interest received from General Revenue Fund | 29,466 | 10,107 |
| Interest received from investments | 164,134 | 64,464 |
| Dividends received from investments | 48,676 | 70,577 |
| Cash paid to suppliers | (842) | (642) |
| | 244,318 | 383,291 |
| Cash flows from financing activities: | | |
| Advances from the General Revenue Fund | 2,206,476 | 4,850,000 |
| Cash flows from investing activities: | | |
| Investments in Saskatchewan agriculture enterprises | (2,206,476) | (4,420,000) |
| Investment funds deposited with lawyer | --- | (430,000) |
| Redemptions of investments | 316,400 | 10,000 |
| | (1,890,076) | (4,840,000) |
| Net increase in cash and cash equivalents | 560,718 | 393,291 |
| Cash and cash equivalents, beginning of year | 414,922 | 21,631 |
| Cash and cash equivalents, end of year | $ 975,640 | $ 414,922 |

(See accompanying notes to the financial statements)

# AGRI-FOOD EQUITY FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority and Definition

The Agri-Food Equity Fund operates pursuant to Section 17.2 of *The Department of Agriculture Act* (Act) to promote and develop agriculture diversification in Saskatchewan. The Fund originated in 1994 as a division of the Agricultural Credit Corporation of Saskatchewan (ACS). The transfer of authority for the Fund to the Department of Agriculture and Food was effective September 22, 1997 by Order in Council 625/1997.

The Fund's mandate is to finance enterprises that promote the creation and expansion of agricultural enterprises in Saskatchewan. Investments may take the form of secured bonds, secured debentures and equity of the enterprise. Pursuant to regulations under the Act, the Fund is restricted to a maximum 49% investment in an enterprise's long-term debt or equity, up to $1 million unless authorized by the Minister. The total of all investments made by the Fund is limited to $35 million by the year 2003.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue Recognition

Interest and dividend revenue is recognized as follows:

i) When there is reasonable assurance of ultimate collection, revenue is recognized when earned.
ii) When there is uncertainty as to ultimate collection, revenue is recognized when received.

Grants from the Department of Agriculture and Food are recognized as revenue when they are received/receivable.

c) Investments

Investments are accounted for at cost.

d) Provision for Investment Loss

The provision for investment loss represents management's estimate of likely losses based upon an individual review of the investments. It is possible that changes in future conditions in the near term could require a material change in the provision.

## 3. Due from General Revenue Fund

The Fund's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2000 average rate – 4.79%; 1999 average rate 5.04%) and the Fund's average daily bank account balance.

## 4. Investments

| Investments are comprised as follows: | 2000 | 1999 |
|---|---|---|
| Loans and debentures | $ 7,357,225 | $ 6,384,785 |
| Common shares | 3,159,681 | 2,509,645 |
| Preferred shares | 2,757,881 | 2,042,041 |
| | 13,274,787 | 10,936,471 |
| Less: provision for investment loss | (3,901,213) | (2,758,253) |
| | $ 9,373,574 | $ 8,178,218 |

Investments include interest-bearing instruments at rates ranging from 6% to 15% with maturities extending to the year 2005. Investments also include $1.20 million (1999 – $1.95 million) in participating debentures. The profitability of the investee determines the repayment of principal and interest on the participating investments.

## 5. Financial Instruments

The Fund has determined the fair value of its financial instruments as follows:

a) Due from General Revenue Fund, Due from Department of Agriculture & Food, accounts receivable, accrued interest and dividends receivable, accounts payable and loan payable:

The carrying amounts on the statement of financial position approximate their fair value due to the short-term nature of these instruments.

b) Investments:

It is not practicable to determine fair values for the investment portfolio due to the lack of a market for these investments. An attempt to determine fair values would not be sufficiently reliable.

## 6. Credit and Investment Risk

Credit risk is inherent in lending and investment activities. The Fund is exposed to the types of credit risk which are typical for any lending institution. However, the Fund operates in an environment of higher risk than the banking sector or other traditional financing institutions. This is, in part, because the Fund has a mandate to promote, encourage or contribute to the development of agriculture in Saskatchewan, which involves support for start-up operations, new companies' products at the commercialization stage, and expansions. The Fund also makes equity investments which, by definition, carry a higher risk. The Fund's risk spectrum is comparable to private venture capital.

## 7. Commitments

At year-end, the Fund had approved but not yet disbursed investments of $2.5 million (1999 - $650,000). This normally includes Deposits held by lawyer, however in the current year there were no deposits held by lawyer (1999 - $430,000).

## 8. Loan Payable

The Fund borrows from the General Revenue Fund to fulfil its mandate. The loan is non-interest bearing with no fixed terms of repayment and is limited to a maximum of $35 million.

## 9. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Long Term Receivable is a grant of $3,150,000 (1999 - $3,150,000) due from the Department of Agriculture and Food.

The Fund received use of office space and administrative services from the Department of Agriculture and Food without charge.

Other amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Agri-Food Innovation Fund as at March 31, 1999 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund received transfers from the General Revenue Fund under a shared-cost agreement with the federal government. The Fund recorded these transfers as revenue in the year they were received. However, transfers under shared-cost agreements should be recorded as revenue when the related eligible expenditures are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded these transfers, deferred revenue would increase and net assets at the end of the year would decrease by $8,380,000 (1998 – $8,380,000). Also, for 1998, revenue would increase and net expenditure would decrease by $18,620,000 and net assets at the beginning of the year would decrease by $27,000,000.

In my opinion, except for the effects of the failure to properly record the transfers as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
June 3, 1999

Statement 1

## AGRI-FOOD INNOVATION FUND
## BALANCE SHEET
### As at March 31

| | 1999 | 1998<br>(Restated) |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Due from General Revenue Fund (Notes 3 & 4) | $ 21,981,836 | $ 19,983,729 |
| Receivable from General Revenue Fund – Saskatchewan Agriculture and Food (Note 3) | --- | 1,000,000 |
| Interest receivable (Notes 3 & 4) | 301,405 | 231,649 |
| Accounts receivable | 5,648 | 516,246 |
| Prepaid expenditure | 4,181,417 | 2,637,638 |
| | $ 26,470,306 | $ 24,369,262 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities | | |
| Accounts payable | $ 1,625,406 | $ 1,436,553 |
| Deferred revenue | 12,639,055 | 11,322,177 |
| Total liabilities | 14,264,461 | 12,758,730 |
| Net assets (Statement 2) | 12,205,845 | 11,610,532 |
| | $ 26,470,306 | $ 24,369,262 |

(See accompanying notes to the financial statements)

Statement 2

## AGRI-FOOD INNOVATION FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
### Year Ended March 31

| | 1999 | 1998<br>(Restated) |
|---|---|---|
| Revenue | | |
| General Revenue Fund – Saskatchewan Agriculture and Food (Note 3) | $ --- | $ 1,000,000 |
| Interest revenue (Note 4) | 595,313 | 856,773 |
| Government of Canada (Note 6) | 19,135,881 | 8,628,613 |
| Miscellaneous | 21,728 | --- |
| Total revenue | 19,752,922 | 10,485,386 |
| Expenditure | | |
| Board expenditures | 23,997 | 43,462 |
| Office supplies | 23,539 | 16,368 |
| Contractual services - Strategic Projects | 18,859,798 | 27,994,701 |
| Communication activities | 250,275 | 194,082 |
| Total expenditure (Schedule 1) | 19,157,609 | 28,248,613 |
| Net revenue (expenditure) | 595,313 | (17,763,227) |
| Net assets, beginning of year | | |
| As previously reported | 22,932,709 | 37,863,894 |
| Prior Period Correction – Note 7 | (11,322,177) | (8,490,135) |
| As restated | 11,610,532 | 29,373,759 |
| Net assets, end of year - to Statement 1 | $ 12,205,845 | $ 11,610,532 |

(See accompanying notes to the financial statements)

**Statement 3**

# AGRI-FOOD INNOVATION FUND
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 1999 | 1998<br>(Restated) |
|---|---|---|
| Cash provided by (used in): | | |
| OPERATING ACTIVITIES: | | |
| Net revenue (expenditure) | $ 595,313 | $ (17,763,227) |
| Net change in non-cash working capital items: | | |
| Decrease (increase) in accounts receivable | 1,440,842 | (1,457,593) |
| (Increase) in prepaid expenditure | (1,543,779) | (2,637,458) |
| Increase in accounts payable | 188,853 | 1,133,815 |
| Increase in deferred revenue | 1,316,878 | 2,832,042 |
| Cash provided by (used in) operating activities | 1,998,107 | (17,892,421) |
| Due from General Revenue Fund, beginning of year | 19,983,729 | 37,876,150 |
| Due from General Revenue Fund, end of year - to Statement 1 | $ 21,981,836 | $ 19,983,729 |

(See accompanying notes to the financial statements)

# AGRI-FOOD INNOVATION FUND
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 1999

### 1. Authority and Definition

The Agri-Food Innovation Fund was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs. On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

### 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

a) Basis of Accounting

The Agri-Food Innovation Fund financial statements have been prepared on the accrual basis of accounting.

b) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenditures.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control.

c) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

## 3. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $595,313 (1998 - $856,773) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $21,981,836 (1998 - $19,983,729).

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture and Food may provide to the Fund any supplies and employee services required to carry out its responsibilities.

The Fund has received use of office space and administrative services from Saskatchewan Agriculture and Food without charge.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 4. Due From General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund.

The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Agri-Food Innovation Fund using the Government's thirty-day borrowing rate (1999 average rate – 5.04%; 1998 average rate – 3.77%), and the Agri-Food Innovation Fund's daily balance.

## 5. Comparison of Planned and Actual Results for the Year Ended March 31, 1999

| | 1998/99 | |
|---|---|---|
| | Budget | Actual |
| Expenditures: | | |
| Board expenditures | $ 113,000 | $ 23,997 |
| Office supplies | 25,000 | 23,539 |
| Contractual services - Strategic Projects | 26,949,744 | 18,859,798 |
| Communication activity | 432,000 | 250,275 |
| | $ 27,519,744 | $ 19,157,609 |

The Board approved the budget for expenditures at its March 4, 1998 meeting.

## 6. Federal Government Funding

Agriculture and Agri-Food Canada (Canada) is committed to contribute, by March 31, 2002, up to $64 million to the Fund under the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement).

Canada contributed $20,452,759 (1998 - $11,460,655) in the year under Section 5.3 of the Agreement. Under the Agreement interest accrues on Canada's contributions until they are spent. Canada's contributions include interest of $417,087 (1998 - $196,087).

When the Agri-Food Innovation Fund Board approves a designated federal agency to carry out a project or program the funding is provided to the agency by Canada. The Board records in the Fund as revenue and expenditure an amount equal to funding provided to the agency. Included in revenue and expenditure on Statement 2 is $5,809,034 (1998 - $2,860,125) for projects funded directly by Canada.

## 7. Prior Period Correction

Funding from the Federal Government is externally restricted and as a result is deferred until the program itself incurs expenditures. Prior period financial statements treated Federal Government funding as revenue when it was received/receivable. The effect of this correction is that revenue decreased and net (expenditure) increased by $2,832,042, and deferred revenue increased by $11,322,177 for the year ended March 31, 1998. $8,490,135 is applicable to prior years and the net assets as at April 1, 1997 have been adjusted accordingly.

## 8. Commitments

At March 31, 1999, the Board had approved Strategic Projects for payment in future years.

| Payable in Year | |
|---|---|
| March 31, 2000 | $ 25,386,194 |
| March 31, 2001 | 7,489,216 |
| March 31, 2002 | 2,022,085 |
| March 31, 2003 | 234,000 |
| | $ 35,131,495 |

## 9. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Schedule 1

## AGRI-FOOD INNOVATION FUND
## DETAILS OF EXPENDITURES
## For the Year Ended March 31

| | 1999 |
|---|---|
| Personal Services | |
| Payees under $2,500 | $ 9,059 |
| Travel | 17,910 |
| Strategic Projects | |
| Agriculture and Agri-Food Canada | 161,250 |
| AgWest Biotech | 460,000 |
| Agriculture Institute of Management in Saskatchewan | 191,700 |
| Amulet Western Heritage Products Ltd. | 54,000 |
| Canadian Western Agribition | 1,403,242 |
| Centre for Animal Parasitology | 113,000 |
| CHS Enterprises Inc. | 112,400 |
| Conservation Learning Centre | 91,000 |
| District #31 ADD Board | 28,000 |
| East Central Research Foundation | 260,000 |
| Ernst & Young Inc. | 29,500 |
| Gebhardt Consulting | 90,020 |
| Indian Head Agriculture Research Foundation | 249,000 |
| Performance Plants Inc. | 71,000 |
| Plant Biotechnology Institute | 1,180,000 |
| POS Pilot Plant Corporation | 124,587 |
| Prairie Agricultural Machinery Institute | 1,132,525 |
| Prairie Farm Rehabilitation Administration | 2,514,890 |
| Prairie Feed Resource Centre | 170,000 |
| Prairie Plant Systems Inc. | 28,000 |
| Prairie Swine Centre | 30,000 |
| Receiver General for Canada | 79,958 |
| Rural Municipality of Craik No. 222 | 30,000 |
| Sask Pork | 41,000 |
| Sask Soil Conservation Association | 95,000 |
| Saskatchewan Agriculture and Food | 58,372 |
| Saskatchewan Aginfonet Inc. | 423,000 |
| Saskatchewan Alfalfa Seed Producers Association | 51,000 |
| Saskatchewan Elk Breeders Association Inc. | 27,000 |
| Saskatchewan Food Industry Development Centre | 600,000 |
| Saskatchewan Institute of Applied Science and Technology | 100,000 |
| Saskatchewan Nursery Trades Association | 34,000 |
| Saskatchewan Nutraceutical Network | 300,000 |
| Saskatchewan Property Management Corporation | 230,000 |
| Saskatchewan Research Council | 1,140,200 |
| Saskatchewan Seed Potato Growers Association | 103,229 |
| Saskatchewan Stock Growers Association | 333,000 |
| Saskatoon Research Centre | 3,649,140 |
| Simon Fraser University | 93,000 |

**Schedule 1 cont.**

## AGRI-FOOD INNOVATION FUND
## DETAILS OF EXPENDITURES
### For the Year Ended March 31

| | 1999 |
|---|---|
| Strategic Projects continued | |
| Southeast Prairie Rural Development Co-operative Ltd. | 275,000 |
| University of Saskatchewan | 2,516,200 |
| Veterinary Infectious Disease Organization | 300,000 |
| Western Beef Development Centre Inc. | 533,000 |
| Wheatland Conservation Area Inc. | 207,000 |
| Other Payees under $25,000 | 379,407 |
| Net accrual adjustments | (1,232,822) |
| Total Strategic Projects | 18,859,798 |
| | |
| Supplier Payments | |
| Joe Ralko Marketing & Communications Inc. | 47,428 |
| Palmer Jarvis | 58,727 |
| Printwest Communications Ltd. | 68,033 |
| Payees under $25,000 | 110,820 |
| Net accrual adjustments | (14,166) |
| Total | 270,842 |
| | |
| Total | $ 19,157,609 |

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Innovation Fund as at March 31, 2000 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Fund received transfers from the General Revenue Fund under a shared-cost agreement with the federal government. The Fund recorded these transfers as revenue in the year they were received. However, transfers under shared-cost agreements should be recorded as revenue when the related eligible expenditures are incurred. Any transfers received in advance should be recorded as deferred revenue. Had the Fund properly recorded these transfers deferred revenue would increase and net financial assets at the end of the year would decrease by $8,380,000 (1999 – $8,380,000).

In my opinion, except for the effects of the failure to properly record the transfers as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
May 1, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## AGRI-FOOD INNOVATION FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | 2000 | 1999 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Current assets | | |
| Due from General Revenue Fund (Notes 3 & 4) | $ 16,012,341 | $ 21,981,836 |
| Interest receivable (Notes 3 & 4) | 212,461 | 301,405 |
| Accounts receivable | — | 5,648 |
| Prepaid expenditure | 4,550,154 | 4,181,417 |
| | $ 20,774,956 | $ 26,470,306 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Accounts payable | $ 2,584,180 | $ 1,625,406 |
| Deferred revenue | 5,388,160 | 12,639,055 |
| | 7,972,340 | 14,264,461 |
| **NET FINANCIAL ASSETS** (Statement 2) | $ 12,802,616 | $ 12,205,845 |

(See accompanying notes to the financial statements)

Statement 2

## AGRI-FOOD INNOVATION FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Revenue | | |
| Interest revenue (Note 4) | $ 596,771 | $ 595,313 |
| Government of Canada (Note 6) | 17,747,439 | 19,135,881 |
| Miscellaneous | 14,611 | 21,728 |
| Total revenue | 18,358,821 | 19,752,922 |
| Expenditure | | |
| Board expenditures | 7,644 | 23,997 |
| Office supplies | 25,082 | 23,539 |
| Contractual services - Strategic Projects | 17,483,940 | 18,859,798 |
| Communication activities | 245,384 | 250,275 |
| Total expenditure (Schedule 1) | 17,762,050 | 19,157,609 |
| Surplus for the year | 596,771 | 595,313 |
| Net financial assets, beginning of year | 12,205,845 | 11,610,532 |
| Net financial assets, end of year - to Statement 1 | $ 12,802,616 | $ 12,205,845 |

(See accompanying notes to the financial statements)

Statement 3

## AGRI-FOOD INNOVATION FUND
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash Flows from operating activities: | | |
| Cash receipts from the Government of Canada | $ 5,657,760 | $ 14,220,990 |
| Cash receipts from the General Revenue Fund | 5,648 | 1,000,000 |
| Cash refunds from contractors | 14,611 | 21,728 |
| Interest received | 921,385 | 942,644 |
| Cash paid to contractors | (12,568,899) | (14,187,255) |
| Net increase (decrease) in cash and cash equivalents | (5,969,495) | 1,998,107 |
| Cash and cash equivalents, at beginning of year (Note 2) | 21,981,836 | 19,983,729 |
| Cash and cash equivalents, at end of year (Note 2) | $ 16,012,341 | $ 21,981,836 |

(See accompanying notes to the financial statements)

# AGRI-FOOD INNOVATION FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Authority and Definition

The Agri-Food Innovation Fund was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs. On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

## 2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

### a) Basis of Accounting

The Agri-Food Innovation Fund financial statements have been prepared on the accrual basis of accounting.

### b) Revenue Recognition

Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenditures.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control.

c) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

d) Cash and Cash Equivalents

Cash and cash equivalents are comprised of amounts due from the General Revenue Fund.

### 3. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $ 596,771 (1999 - $595,313) on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $ 16,012,341 (1999 - $21,981,836).

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture and Food may provide to the Fund any supplies and employee services required to carry out its responsibilities.

The Fund has received use of office space and administrative services from Saskatchewan Agriculture and Food without charge.

Included in Prepaid Expenses are amounts paid to related parties of $1,412,299 and included in Accounts Payable are amounts due to related parties of $660,351.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

## 4. Due From General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund.

The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Agri-Food Innovation Fund using the Government's thirty-day borrowing rate (2000 average rate – 4.79%; 1999 average rate – 5.04%), and the Agri-Food Innovation Fund's daily balance.

## 5. Comparison of Planned and Actual Results for the Year Ended March 31, 2000

| | 1999-2000 | |
|---|---|---|
| | Budget | Actual |
| Expenditures: | | |
| Board expenditures | $ 4,000 | $ 7,644 |
| Office supplies | 20,000 | 25,082 |
| Contractual services - Strategic Projects | 23,051,955 | 17,483,940 |
| Communication activity | 432,000 | 245,384 |
| | $ 23,507,955 | $ 17,762,050 |

The Board approved the budget for expenditures at its March 12, 1999 meeting.

## 6. Federal Government Funding

Agriculture and Agri-Food Canada (Canada) is committed to contribute, by March 31, 2002, up to $64 million to the Fund under the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement).

Canada contributed $ 10,496,544 (1999 - $20,452,759) in the year under Section 5.3 of the Agreement. Under the Agreement interest accrues on Canada's contributions until they are spent. Canada's contributions include interest of $ 235,670 (1999 - $417,087).

When the Agri-Food Innovation Fund Board approves a designated federal agency to carry out a project or program the funding is provided to the agency by Canada. The Board records in the Fund the revenues and expenditures provided to the agency. Included in revenue and expenditure on Statement 2 is $ 4,603,114 (1999 - $5,809,034) for projects funded directly by Canada.

## 7. Commitments

At March 31, 2000, the Board had approved Strategic Projects for payment in future years.

| Payable in Year | |
|---|---|
| March 31, 2001 | $ 17,007,816 |
| March 31, 2002 | 3,534,091 |
| March 31, 2003 | 1,356,581 |
| | $ 21,898,488 |

Schedule 1

## AGRI-FOOD INNOVATION FUND
## DETAILS OF EXPENDITURES
## For the Year Ended March 31

| | 2000 |
|---|---|
| Personal Services (Payees under $2,500) | $ 2,550 |
| Travel | 5,764 |
| Net accrual adjustements | (670) |
| Total Travel and Personal Services | 7,644 |
| Strategic Projects | |
| AgWest Biotech | 60,000 |
| Agriculture Institute of Management in Saskatchewan | 185,000 |
| Amulet Western Heritage Products Ltd. | 25,000 |
| Canadian Western Agribition | 600,000 |
| Canadian Wild Boar Co-Operative | 30,000 |
| Centre for Animal Parasitology | 20,000 |
| CHS Enterprises Inc. | 30,982 |
| District #31 ADD Board | 22,000 |
| Durafibre Inc. | 121,128 |
| East Central Research Foundation | 43,000 |
| Emerald Seed Products Ltd. | 21,722 |
| Garven & Associates | 70,000 |
| Gebhardt Consulting | 120,473 |
| Harvest Green Botanicals | 102,321 |
| Indian Head Agriculture Research Foundation | 88,884 |
| Marmax Consultants | 229,000 |
| Nixdorf, Raymond | 63,979 |
| Northeast Agriculture Research Foundation | 24,600 |
| Performance Plants Inc. | 136,000 |
| Plant Biotechnology Institute | 1,910,000 |
| POS Pilot Plant Corporation | 1,148,045 |
| Prairie Agricultural Machinery Institute | 426,214 |
| Prairie Diagnostic Services | 22,000 |
| Prairie Farm Rehabilitation Administration | 4,603,114 |
| Prairie Feed Resource Centre | 180,000 |
| Prairie Plant Systems Inc. | 82,000 |
| Sask Pork | 418,000 |
| Sask Soil Conservation Association | 23,919 |
| Saskatchewan Aginfonet Inc. | 336,000 |
| Saskatchewan Alfalfa Seed Producers Development Commission | 51,000 |
| Saskatchewan Association of Rural Municipalities | 70,000 |
| Saskatchewan Bison Association | 87,380 |
| Saskatchewan Food Industry Development Centre | 200,000 |
| Saskatchewan Institute of Applied Science and Technology | 100,000 |
| Saskatchewan Nursery Trades Association | 30,000 |

**Schedule 1 cont.**

## AGRI-FOOD INNOVATION FUND
## DETAILS OF EXPENDITURES
### For the Year Ended March 31

| | 2000 |
|---|---|
| Strategic Projects continued | |
| Saskatchewan Nutraceutical Network | 100,000 |
| Saskatchewan Pulse Growers | 150,000 |
| Saskatchewan Reindeer Association | 40,000 |
| Saskatchewan Research Council | 726,130 |
| Saskatchewan Seed Potato Growers Association | 105,000 |
| Saskatchewan Stock Growers Association | 283,240 |
| Saskatchewan Weekly Newspaper Association | 23,013 |
| Saskatchewan 4-H Council | 48,000 |
| Seager Wheeler Farm Historical Society Inc. | 34,000 |
| Sullivan, Andrew | 33,002 |
| Sweetman, Glen | 70,336 |
| University of Saskatchewan | 2,491,700 |
| Veterinary Infectious Disease Organization | 370,000 |
| Western Beef Development Centre Inc. | 381,160 |
| Western Economic Diversification | 83,269 |
| Wheatland Conservation Area Inc. | 56,000 |
| Payees under $20,000 | 215,640 |
| Net accrual adjustments | 591,689 |
| Total Strategic Projects | 17,483,940 |
| Supplier Payments | |
| Palmer Jarvis | 26,334 |
| Printwest Communications Ltd. | 64,685 |
| Prairie Advertising Distributors Ltd. | 22,577 |
| Trinity Communications Inc. | 58,869 |
| Payees under $20,000 | 98,983 |
| Net accrual adjustments | (982) |
| Total Supplier Payments | 270,466 |
| Total | $ 17,762,050 |

# AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Big Game Damage Compensation Fund as at March 31, 2000 and the statement of operations and net assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
September 7, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# BIG GAME DAMAGE COMPENSATION FUND
# STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2000<br>(Note 6) | 1999 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Due from General Revenue Fund (Note 3) | $ --- | $ 1,487 |
| | $ --- | $ 1,487 |
| **Net Assets** | | |
| Net assets (Statement 2) | $ --- | $ 1,487 |

(See accompanying notes to the financial statements)

Statement 2

# BIG GAME DAMAGE COMPENSATION FUND
# STATEMENT OF OPERATIONS AND NET ASSETS
## For the Year Ended March 31

| | 2000<br>(Note 6) | 1999 |
|---|---|---|
| Revenues | | |
| Licence Sales | $ --- | $ 1,322 |
| Interest (Note 3) | 72 | 165 |
| | 72 | 1,487 |
| Expenses | | |
| Grants to Saskatchewan Agricultural Stabilization Fund - Big Game Damage Account | 1,559 | 190,620 |
| (Deficit) / Surplus for the year | (1,487) | (189,133) |
| Net assets, beginning of year | 1,487 | 190,620 |
| Net assets, end of year – to Statement 1 | $ --- | $ 1,487 |

(See accompanying notes to the financial statements)

# BIG GAME DAMAGE COMPENSATION FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

## 1. Purpose of the Fund

The Big Game Damage Compensation Fund (Fund) was established on April 1, 1997 pursuant to Section 11 of *The Wildlife Act, 1997*. The purpose of the Fund is to provide funding to the Saskatchewan Agricultural Stabilzation Fund, Big Game Damage Compensation Program. The purpose of this program is to compensate producers of commercial agricultural crops for damage or loss caused by big game.

The Fund received revenue from the sale of Big Game Damage Fund Licences issued pursuant to *The Wildlife Regulations, 1981*. On May 13, 1998, the Regulations were amended by Order in Council 296/1998 and such licences were discontinued.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policy is considered significant:

a) Grants

Grants are recognized as expenses in the period the grant is approved.

## 3. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund (GRF). The Fund's earned interest is calculated and paid by the GRF on a quarterly basis to the Fund using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The average thirty-day borrowing rate for 1999/00 is 4.79% (1998/99 is 5.04%).

## 4. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

## 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations and departments related to the Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are settled on normal trade terms. Transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Environment and Resource Management - General Revenue Fund.

## 6. Fund Discontinued

Effective June 27, 2000, *The Wildlife Amendment Act, 2000* repealed the legislation establishing the Big Game Damage Compensation Fund.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2000 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 27, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

## CATTLE MARKETING DEDUCTIONS FUND
## STATEMENT OF FINANCIAL POSITION
### As at March 31

| | Provincial Account | | National Account | | Total | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **FINANCIAL ASSETS** | | | | | | |
| Due from General Revenue Fund (Note 3) | $ 1,054,040 | $ 1,361,694 | $ 2,334,868 | $ 931,134 | $ 3,388,908 | $ 2,292,828 |
| Accounts receivable | 171,188 | 170,760 | 176,455 | 176,495 | 347,643 | 347,255 |
| Accrued interest receivable | 43,589 | 28,190 | --- | --- | 43,589 | 28,190 |
| | 1,268,817 | 1,560,644 | 2,511,323 | 1,107,629 | 3,780,140 | 2,668,273 |
| **LIABILITIES** | | | | | | |
| Grants payable | 225,519 | 1,989 | --- | --- | 225,519 | 1,989 |
| Accounts payable | 46,295 | 18,974 | --- | --- | 46,295 | 18,974 |
| | 271,814 | 20,963 | --- | --- | 271,814 | 20,963 |
| **Net financial assets** (Statement 2) | $ 997,003 | $ 1,539,681 | $ 2,511,323 | $ 1,107,629 | $ 3,508,326 | $ 2,647,310 |

(See accompanying notes to the financial statements)

**Statement 2**

## CATTLE MARKETING DEDUCTIONS FUND
## STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
### Year Ended March 31

| | Budget 2000 (Note 5) | Provincial Account | | National Account | | Total | |
|---|---|---|---|---|---|---|---|
| | | 2000 | 1999 | 2000 | 1999 | Actual 2000 | Actual 1999 |
| **Revenue** | | | | | | | |
| Deductions under sections 3 and 4 of *The Cattle Marketing Deductions Act* and Regulations | $ 1,350,000 | $ 1,403,702 | $ 1,413,521 | $ 1,403,694 | $ 1,107,629 | $ 2,807,396 | $ 2,521,150 |
| Less: | | | | | | | |
| Commissions | 50,000 | 41,231 | 41,343 | — | — | 41,231 | 41,343 |
| Refund of deductions | 69,000 | 110,207 | 81,168 | — | — | 110,207 | 81,168 |
| Net deductions | 1,231,000 | 1,252,264 | 1,291,010 | 1,403,694 | 1,107,629 | 2,655,958 | 2,398,639 |
| Interest (Note 3) | 45,000 | 138,834 | 83,580 | — | — | 138,834 | 83,580 |
| Miscellaneous revenue | — | 1,990 | — | — | — | 1,990 | — |
| Total revenue | 1,276,000 | 1,393,088 | 1,374,590 | 1,403,694 | 1,107,629 | 2,796,782 | 2,482,219 |
| **Expenditure** | | | | | | | |
| Grants (Note 3) | 650,000 | 1,917,281 | 1,201,831 | — | — | 1,917,281 | 1,201,831 |
| Administration (Note 3) | 16,000 | 15,000 | 15,321 | — | — | 15,000 | 15,321 |
| Advisory Committee and other expenses | 2,500 | 3,485 | 3,952 | — | — | 3,485 | 3,952 |
| Total expenditure | 668,500 | 1,935,766 | 1,221,104 | — | — | 1,935,766 | 1,221,104 |
| Surplus for the year | $ 607,500 | (542,678) | 153,486 | 1,403,694 | 1,107,629 | 861,016 | 1,261,115 |
| Net financial assets, beginning of year | | 1,539,681 | 1,386,195 | 1,107,629 | — | 2,647,310 | 1,386,195 |
| Net financial assets, end of year - to Statement 1 | | $ 997,003 | $ 1,539,681 | $ 2,511,323 | $ 1,107,629 | $ 3,508,326 | $ 2,647,310 |

(See accompanying notes to the financial statements)

**Statement 3**

## CATTLE MARKETING DEDUCTIONS FUND
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from deductions | $ 2,765,777 | $ 2,296,539 |
| Cash paid to suppliers | (18,485) | (19,273) |
| Grant payments | (1,691,761) | (1,199,842) |
| Refunds paid | (82,886) | (103,754) |
| Interest received | 123,435 | 70,626 |
| Cash flows from operating activities | 1,096,080 | 1,044,296 |
| Net increase in cash and cash equivalents | 1,096,080 | 1,044,296 |
| Cash and cash equivalents, beginning of year | 2,292,828 | 1,248,532 |
| Cash and cash equivalents, end of year | $ 3,388,908 | $ 2,292,828 |

(See accompanying notes to the financial statements)

# CATTLE MARKETING DEDUCTIONS FUND
# NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account. The Fund's existing assets were transferred to the Provincial Account established by the Act. The Provincial Account's purpose is to develop, improve and promote the cattle industry.

The Act also established the National Account to support a promotion-research agency to be established pursuant to *The Farm Products Agencies Act* (Canada). A national promotion-research agency has not been established. Currently, the Department is seeking legislative changes to allow it to provide funding to any suitable organization that represents the national interests of the cattle industry.

Dealers deduct $2.00 per head from the purchase price for cattle purchased. The National Account receives $1.00 a head and the Provincial Account receives $1.00 a head less the dealer's commission of $0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

### 2. Significant Accounting Principles

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of what is due from the General Revenue Fund.

## 3. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties".

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 1999-2000 is 5.08% (1998-1999 is 5.04%).

The Fund paid $170,700 in grants to the University of Saskatchewan. Also, the Fund paid $15,000 to the Livestock Services Revolving Fund for administrative expenses.

## 4. Commitments

At year end, the Committee has committed to grants in 2000-2001 of $358,598 and in 2001-2002 of $60,000.

As well, the Fund is committed to pay the moneys collected for the National Account to a promotion research agency when it is established and an agreement has been entered into.

## 5. 1999-2000 Budget

The Advisory Committee approved the 1999-2000 budget on January 22, 1999.

## 6. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 7. Subsequent Event

*The Cattle Marketing Deductions Act* (Act) was amended effective June 27, 2000. The Act now allows the Minister, where an appropriate promotion-research agency has not been established, to enter into agreements with any organization that represents the national interests of the cattle industry. The agreements will establish what moneys will be paid out of the National Account. The Department is currently negotiating agreements with organizations that represent the national interests of the cattle industry to pay money out of the National Account.

## CATTLE MARKETING DEDUCTIONS FUND
## DETAILED LIST OF EXPENDITURES (UNAUDITED)
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Personal Services | | |
| Payees under $2,500 | $ 1,190 | $ 1,675 |
| Travel | | |
| Other | 1,688 | 2,138 |
| Grants | | |
| Canadian Cattlemen's Association: | | |
| National Beef Information Centre | 600,000 | 600,000 |
| Operating Expenses | 902,081 | 181,831 |
| University of Saskatchewan: | | |
| Western College of Veterinary Medicine | 10,700 | --- |
| Veterinary Infectious Disease Organization | 75,000 | 85,000 |
| Dairy Cattle Feeding Project | 60,000 | 60,000 |
| Western Beef Development Centre | 25,000 | 25,000 |
| Canada Beef Export Federation | 100,000 | 100,000 |
| Saskatchewan Beef Information Centre | 48,500 | 35,000 |
| Foundation for Animal Care | 5,000 | 5,000 |
| Saskatchewan Cattle Feeders' Association | 2,500 | 2,500 |
| Saskatchewan Stock Growers' Association | 88,500 | 107,500 |
| | 1,917,281 | 1,201,831 |
| Supplier Payments | | |
| Payees under $20,000 | 15,607 | 15,460 |
| Total | $ 1,935,766 | $ 1,221,104 |

*Crop Reinsurance Fund of Saskatchewan*

# Auditors' Report

**To the Members of the Legislative Assembly**
**Province of Saskatchewan**

May 24, 2000

We have audited the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 2000 and the statement of operations and fund surplus for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Regina, Canada

*Crop Reinsurance Fund of Saskatchewan*

## Balance Sheet

***March 31, 2000 with comparative figures for 1999***

| | 2000 | 1999 |
|---|---|---|
| **Assets** | | |
| Due from Province of Saskatchewan General Revenue Fund (note 3) | $ 88,959,768 | $ 74,702,231 |
| Reinsurance premium receivable from Saskatchewan Crop Insurance Corporation | 2,138,365 | 2,255,442 |
| | $ 91,098,133 | $ 76,957,673 |
| **Fund Surplus** | $ 91,098,133 | $ 76,957,673 |

See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Harold Vice-Chairperson

## Statement of Operations and Fund Surplus

***Year ended March 31, 2000 with comparative figures for 1999***

| | 2000 | 1999 |
|---|---|---|
| **Revenue** | | |
| Premium ceded from the Saskatchewan Crop Insurance Corporation | $ 14,140,460 | $ 20,590,252 |
| **Fund surplus, beginning of year** | 76,957,673 | 56,367,421 |
| **Fund surplus, end of year** | $ 91,098,133 | $ 76,957,673 |

See accompanying notes to financial statements.

*Crop Reinsurance Fund of Saskatchewan*

# Notes to Financial Statements

## Crop Reinsurance Fund of Saskatchewan
## March 31, 2000

### 1. Status of the fund:

*The Canada-Saskatchewan Crop Insurance Agreement* between the Government of the Province of Saskatchewan and the Government of Canada provides for the establishment of two reinsurance funds:

a) The Crop Reinsurance Fund of Saskatchewan which is administered by the Government of the Province of Saskatchewan, and

b) The Crop Reinsurance Fund of Canada for Saskatchewan which is administered by the Government of Canada.

### 2. Significant accounting policies:

*Premium ceded from the Saskatchewan Crop Insurance Corporation:*
Under the terms of the agreement referred to in note 1, the Saskatchewan Crop Insurance Corporation is required to pay reinsurance premiums to the reinsurance funds based on premiums received during the insurance year.

*Liability for claim payments from the reinsurance funds:*
Under the terms of the agreement referred to in note 1, payments were made out of the reinsurance funds if indemnities which were required to be paid in an insurance year exceeded the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded, and

b) the net assets of the Saskatchewan Crop Insurance Corporation's Crop Insurance Fund.

To the extent that payments were required out of the reinsurance funds, the Crop Reinsurance Fund of Saskatchewan or the Government of the Province of Saskatchewan General Revenue Fund was responsible firstly for an amount not exceeding 2 1/2% of the total liability under policies in force in the insurance year.

The balance of indemnities to be paid were shared 75% by Canada and 25% by Saskatchewan out of the respective reinsurance funds, excepting that Saskatchewan was not responsible for any amounts described in the preceding paragraph if its reinsurance deficit exceeded 16 2/3% of the total liability under policies of insurance in force in that year.

*Use of estimates:*
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

### 3. Due from Province of Saskatchewan General Revenue Fund:

The Crop Reinsurance Fund bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest earned on these funds is not allocated to the Crop Reinsurance Fund.

### 4. Statement of cash flows:

A statement of cash flows has not been prepared as a separate statement would not provide additional, useful information.

### 5. Fair value of financial assets:

The carrying amounts of the following financial assets and liabilities approximate fair value due to their short term nature:

- Due from the Province of Saskatchewan General Revenue Fund
- Reinsurance premium receivable from the Saskatchewan Crop Insurance Corporation

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2000 and the statements of revenue, expenditures and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Regina, Saskatchewan
July 19, 2000

Fred Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

# HORNED CATTLE FUND
## STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2000 | 1999<br>(restated note 3) |
|---|---|---|
| **Financial Assets:** | | |
| Due from General Revenue Fund (notes 5 & 10) | $ 246,015 | $ 122,170 |
| Accounts receivable (notes 6 & 10) | 47,066 | 75,116 |
| Accrued interest receivable (note 10) | 2,229 | 1,877 |
| | $ 295,310 | $ 199,163 |
| **Liabilities:** | | |
| Accounts payable (note 10) | $ 96,662 | $ 19,016 |
| **Net financial assets** (Statement 2) | $ 198,648 | $ 180,147 |

(See accompanying notes to the financial statements)

Statement 2

## HORNED CATTLE FUND
## STATEMENT OF REVENUE, EXPENDITURES AND NET FINANCIAL ASSETS
### Year Ended March 31

| | Budget 2000 (note 9) | Actual 2000 | Actual 1999 (restated note 3) |
|---|---|---|---|
| Revenues | | | |
| Deductions under Section 3 and 4 of *The Horned Cattle Purchases Act* | $ 200,000 | $ 157,362 | $ 170,991 |
| Less commissions | (5,000) | (2,587) | (2,794) |
| Net deductions (note 4) | 195,000 | 154,775 | 168,197 |
| Cattle sales | 70,000 | 132,079 | 118,299 |
| Interest revenue (note 5) | 7,000 | 7,001 | 8,678 |
| Miscellaneous revenue | — | 2,000 | 6,103 |
| Total revenue | 272,000 | 295,855 | 301,277 |
| Expenditures | | | |
| Grants | 155,000 | 120,000 | 195,625 |
| Project operating costs (note 8) | 70,000 | 140,342 | 129,790 |
| Administration (note 5) | 15,100 | 15,000 | 15,000 |
| Advisory Committee | 2,500 | 2,012 | 2,472 |
| Total expenditures | 242,600 | 277,354 | 342,887 |
| Surplus (deficit) for the year | $ 29,400 | 18,501 | (41,610) |
| Net financial assets, beginning of year as previously reported | | 228,931 | 257,820 |
| Restatement (note 3) | | (48,784) | (36,063) |
| Net financial assets, after restatement beginning of year | | 180,147 | 221,757 |
| Net financial assets, end of year - Statement 1 | | $ 198,648 | $ 180,147 |

(See accompanying notes to the financial statements)

Statement 3

## HORNED CATTLE FUND
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999<br>(restated note 3) |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from deductions | $ 174,563 | $ 151,439 |
| Cash receipts from cattle sales | 132,079 | 118,299 |
| Cash paid to suppliers and advisory committee | (69,446) | (120,872) |
| Grant payments | (120,000) | (201,625) |
| Interest and other receipts received | 6,649 | 21,061 |
| Cash flows from operating activities | 123,845 | (31,698) |
| Net increase (decrease) in cash and cash equivalents | 123,845 | (31,698) |
| Cash and cash equivalents, beginning of year | 122,170 | 153,868 |
| Cash and cash equivalents, end of year | $ 246,015 | $ 122,170 |

(See accompanying notes to the financial statements)

# HORNED CATTLE FUND
## NOTES TO THE FINANCIAL STATEMENTS
## March 31, 2000

### 1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act*. The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

### 2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

a) Accrual Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are recorded as expenditures when purchased. The estimated realizable value of the cattle herd at the Western Beef Development Centre at year end is $296,300 (1999 - $257,742). (See Note 6)

d) Cash and Cash Equivalents

Cash and cash equivalents consist of the due from General Revenue Fund.

## 3. Correction

The Swift Current Project is an agreement with Agriculture Canada (see note 6). Management's interpretation of the Swift Current Forage Project agreement was that all assets and activities were those of the Fund until the agreement terminated. In earlier agreements the assets and activities were those of the Fund. However, on signing a new agreement from November 1, 1993 to October 31, 1998 all assets and activities became those of the Federal Government. Management did not reflect this change in the ownership of the assets and activities of this project in the prior years financial statements. This error has been corrected retroactively.

Also as result of this correction, the Fund's 1999 financial statements have been restated by reducing cattle sales of $136,131 and operating costs of $123,410 related to the Swift Current Forage Project. The impact on the deficit for 1999 is to increase it by $12,721 and decrease the net financial assets by an equal amount. The accounts receivable has been reduced by $48,784. The cash receipts from cattle sales and cash paid to suppliers and the advisory committee are both reduced by $146,279. For 1998 the net financial assets are reduced by $36,063.

## 4. Deductions

Dealers purchase cattle with horns at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the vendors market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers submit $2.00 for each head of cattle less a $0.03 per head commission to the Fund.

## 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties".

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 1999-00 is 4.79% (1998-99 is 5.04%).

The Fund paid grants to the University of Saskatchewan. Also, the Fund paid $15,000 to the Livestock Services Revolving Fund for administrative expenses.

## 6. Projects

The Swift Current Project is an agreement with Agriculture Canada, effective from November 1, 1998 to October 31, 2003. Under this agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund to the Swift Current Research Station (Station). The Station uses proceeds from the sale of all cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, $30,000 will be returned to the Fund by the Research Station and the remaining assets will revert to Agriculture Canada. The Fund's financial statements include $30,000 receivable from the Station. All activities related to the cattle are those of the Station and are not shown in these financial statements.

The Minister of Agriculture and Food entered into an agreement with the Western Beef Development Centre (WBDC) on December 1, 1996 effective to November 30, 2001. The agreement provides the Fund will loan cattle to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account are to be returned to the Fund. The Fund provides funding from its cattle sales to WBDC to pay for certain research costs.

## 7. Commitments

At year end, the Fund had approved grants for payment in 2000-01 of $128,599.

## 8. Research Project Expenditures by Activity

| | Western Beef Development Centre | |
|---|---|---|
| | 2000 | 1999 |
| Salaries | $ 40,649 | $ 38,510 |
| Feed supplements | 23,262 | 20,193 |
| Tillage, seeding & manure removal | 20,221 | --- |
| Equipment & building repairs | 12,232 | --- |
| Utilities, license & insurance | 9,619 | --- |
| Municipal taxes | 8,098 | --- |
| Fuel | 6,985 | --- |
| Equipment rental | 6,897 | --- |
| Veterinary services and supplies | 5,534 | 4,750 |
| Trucking and travel | 5,403 | 6,674 |
| Research project | --- | 8,846 |
| Cattle purchases | --- | 50,817 |
| Miscellaneous | 1,442 | --- |
| | $ 140,342 | $ 129,790 |

## 9. 1999-00 Budget

The Advisory Committee approved the 1999-00 budget on January 21, 1999.

## 10. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due from the General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable.

Schedule 1

# HORNED CATTLE FUND
## DETAILED LIST OF EXPENDITURES
## For the Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| Personal Services: | | |
| Board member costs | $ 815 | $ 1,080 |
| Travel: | | |
| Other | 1,197 | 1,392 |
| Grants: | | |
| University of Saskatchewan: | | |
| 3 Home Study Course | — | 2,000 |
| Western College of Veterinary Medicine | 30,000 | 48,925 |
| Veterinary Infections Disease Organization | 35,000 | 40,000 |
| Canadian Western Agribition Association | — | 10,000 |
| Prairie Diagnostic Services Inc. | — | 33,600 |
| Canada Beef Export Federation | 50,000 | 50,000 |
| Foundation of Animal Care | 5,000 | 5,000 |
| Saskatchewan Livestock Association | — | 6,100 |
| | 120,000 | 195,625 |
| Supplier Payments: | | |
| Western Beef Development Centre | 140,342 | 129,790 |
| Payees under $20,000 | 15,000 | 15,000 |
| | 155,342 | 144,790 |
| | $ 277,354 | $ 342,887 |

**LOIS A. JOHNSON, C.M.A.**
CERTIFIED MANAGEMENT ACCOUNTANT

To the Members

I have audited the statement of financial position of the Irrigation Crop Diversification Corporation as at March 31, 2000 and the statement of revenues for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Lois A. Johnson

Delisle, Saskatchewan
June 1, 2000

Lois A. Johnson CMA

# Irrigation Crop Diversification Corporation
## Balance Sheet
As at March 31, 2000

| ASSETS: | 2000 | 1999 |
|---|---|---|
| CU Membership | $ 5.00 | $ 5.00 |
| Cash and Bank | 27,017.50 | 36,920.02 |
| Short Term Investments | 98,281.66 | 35,858.74 |
| Accounts Receivable | 2,002.92 | 1,054.90 |
|  | $127,307.08 | $ 73,838.66 |
| LIABILITIES AND MEMBERS' EQUITY: |  |  |
| GST payable | $ 539.14 | $ 4,465.19 |
| Prepaid Member Levies |  | 576.45 |
| Contracts Payable | 1,108.76 | 1,108.76 |
| MEMBERS' EQUITY: |  |  |
| Members' Equity | 125,659.18 | 67,688.26 |
|  | $127,307.88 | $ 73,838.66 |

## Irrigation Crop Diversification Corporation
## Statement of Surplus
## As at March 31, 2000

| | |
|---|---|
| Opening Balance | $ 67,688.26 |
| From operations | 57,970.92 |
| Ending Balance | $ 125,659.18 |

## Irrigation Crop Diversification Corporation
## Statement of Revenue and Expenditure
For the year ended March 31, 2000

| REVENUE: | 2000 | 1999 |
|---|---|---|
| Member Levies | $ 29,090.79 | $ 28,625.69 |
| Non District Levies | 32,710.28 | 32,710.28 |
| Project Funding | 24,018.12 | 18,250.20 |
| Crop Management Project Fees | 2,065.42 | 2,261.68 |
| Forage Management Project Fees | 420.56 | 700.93 |
| Interest | 2,422.92 | 358.74 |
| Total Revenue | $ 90,728.09 | $ 82,907.52 |
| EXPENDITURE: | | |
| Project Costs | $32,257.17 | $ 18,250.20 |
| Professional Fees | 500.00 | 500.00 |
| Office Expense | - | 10.32 |
| Total Expenditure | $ 32,757.17 | $ 18,760.52 |
| Net Surplus for the Period | $ 57,970.92 | $ 64,147.00 |

### Irrigation Crop Diversification Corporation
### Changes in Financial Position
### As at March 31, 2000

| | |
|---|---|
| Opening Cash | $ 72,783.76 |
| From Operation | 57,970.92 |
| Increase in Accounts Receivable | 948.02- |
| Decrease in Accounts Payable | 4,502.50- |
| Closing Cash | $125,304.16 |

Irrigation Crop Diversification Corporation
Notes to Financial Statements
At March 31, 2000

The objects and purposes of ICDC are:

a) to research and demonstrate to producers and irrigation districts profitable agronomic practices for irrigated crops;

b) to develop or assist in developing varieties of crops suitable for irrigated conditions;

c)to develop or assist in developing varieties of crops suitable for irrigated conditions; to provide means to researchers to conduct research into related technology, cropping systems and conservation measures under irrigation and to provide information respecting their research to members irrigation districts and the public;

d) to co-operate with SIPA, the minister and Sask Water Corporation in promoting and developing sustainable irrigation in Saskatchewan.

2. The annual charges are to cover ICDC's operating and administrative costs for the fiscal year. As 2000 is the third fiscal year of operation, no funds have been disbursed for this purpose, and there are no restricted funds in the possession of the Corporation.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Milk Control Board as at December 31, 1999 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
March 17, 2000

Wayne Strelioff, CA
Provincial Auditor

Statement 1

## MILK CONTROL BOARD
## BALANCE SHEET
As at December 31

| | 1999 | 1998 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 1,344,190 | $ 546,394 |
| Accounts receivable | 5,877,194 | 7,526,082 |
| | 7,221,384 | 8,072,476 |
| Capital assets (Note 3) | 21,718 | 13,402 |
| | $ 7,243,102 | $ 8,085,878 |
| **LIABILITIES AND NET ASSETS** | | |
| Accounts payable | $ 6,877,395 | $ 7,684,603 |
| Net assets (Statement 2) | 365,707 | 401,275 |
| | $ 7,243,102 | $ 8,085,878 |

(See accompanying notes to the financial statements)

Statement 2

## MILK CONTROL BOARD
## STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
### Year Ended December 31

| | Budget 1999 (Note 6) | Actual 1999 | Actual 1998 |
|---|---|---|---|
| **Revenue:** | | | |
| Milk sold to processors | $105,000,000 | $100,448,791 | $ 94,954,588 |
| Special Class Pool and Western Milk Pool (Note 4) | 8,000,000 | 15,747,637 | 18,135,636 |
| Milk Pool administration and assessment fees | 660,000 | 673,180 | 666,701 |
| Interest | 55,000 | 55,178 | 79,052 |
| Milk quality penalties | 100,000 | 93,880 | 117,952 |
| Licence fees and miscellaneous | 5,000 | 3,622 | 57,372 |
| | 113,820,000 | 117,022,288 | 114,011,301 |
| **Expenses:** | | | |
| Milk purchased from producers | 113,000,000 | 116,196,428 | 113,090,224 |
| Salaries | 320,000 | 369,804 | 302,962 |
| Milk pool administration expense | 175,000 | 139,415 | 169,860 |
| Cost of production study | 40,000 | 25,882 | 23,712 |
| Travel, sustenance and vehicle expense | 75,000 | 126,096 | 75,905 |
| Rent | 40,000 | 45,630 | 35,633 |
| Administrative expense | 65,000 | 36,096 | 51,290 |
| Employee benefits | 32,000 | 35,640 | 50,429 |
| Disposal of unsaleable milk | 60,000 | 29,294 | 58,689 |
| Honoraria | 32,650 | 44,729 | 32,320 |
| Amortization | 6,000 | 8,842 | 6,737 |
| | 113,845,650 | 117,057,856 | 113,897,761 |
| Surplus (deficit) for the year | $ (25,650) | (35,568) | 113,540 |
| Net assets, beginning of year | | 401,275 | 287,735 |
| Net assets, end of year - to Statement 1 | | $ 365,707 | $ 401,275 |

(See accompanying notes to the financial statements)

Statement 3

## MILK CONTROL BOARD
## STATEMENT OF CASH FLOWS
## Year Ended December 31

| | 1999 | 1998 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Cash receipts from customers | $ 118,619,011 | $113,817,961 |
| Cash paid to suppliers and employees | (117,811,496) | (114,518,359) |
| Other | 7,439 | 47,831 |
| Cash flows from (used in) operating activities | 814,954 | (652,567) |
| **Cash Flows From Investing Activities:** | | |
| Purchase of capital assets | (17,158) | (5,300) |
| Net increase (decrease) in cash during the year | 797,796 | (657,867) |
| Cash position, beginning of year | 546,394 | 1,204,261 |
| Cash position, end of year | $ 1,344,190 | $ 546,394 |

(See accompanying notes to the financial statements)

# MILK CONTROL BOARD
## NOTES TO THE FINANCIAL STATEMENTS
### December 31, 1999

## 1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are as follows:

a) Accrual Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Capital Assets

Office furniture and equipment is recorded at cost less accumulated amortization.

Office furniture and equipment is amortized over its estimated useful life using the straight-line method at 20% per annum.

c) Accounts Receivable and Accounts Payable

These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

## 2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution or sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

The Board is responsible for the milk purchased from producers and milk sold to processors. The necessary collections and payments are administered by the Board's agent, Dairyworld Foods Limited (Dairyworld).

## 3. Capital Assets

| | Cost | Accumulated Amortization | 1999 Net Book Value | 1998 Net Book Value |
|---|---|---|---|---|
| Office furniture and equipment | $65,410 | $43,692 | $21,718 | $ 13,402 |

## 4. Special Class Pool and Western Milk Pool

Effective August 1, 1995, the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). This arrangement provides for pooling of revenues from sales of milk components in special classes of milk sold in domestic and external markets. The Special Class Pool is administered by CDC.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of revenues from sales of milk in all classes including the Special Class Pool amount for the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. The Western Milk Pool is administered by CDC.

Based on each province's monthly sales, CDC will either distribute a portion of, or require a contribution to, the Special Class Pool and Western Milk Pool.

## 5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

| | 1999 | 1998 |
|---|---|---|
| Various expenses | $77,665 | $ 88,301 |

In addition, the Board pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

## 6. Budget

The budget for the 1999 year was approved by the Board on December 15, 1998.

## 7. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Prairie Agricultural Machinery Institute as at March 31, 2000 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Institute's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Prairie Agricultural Machinery Institute as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
May 5, 2000

**Statement 1**

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
## BALANCE SHEET
## As at March 31

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Current: | | |
| Due from General Revenue Fund (Note 3) | $ 125,148 | $ 471,011 |
| Short-term investments | 329,722 | 314,780 |
| Accounts receivable | 1,161,565 | 866,750 |
| Prepaid expenses | 41,829 | 48,427 |
| | 1,658,264 | 1,700,968 |
| Restricted cash | 34,635 | 34,635 |
| Capital assets (Note 4) | 2,893,763 | 2,638,859 |
| | $ 4,586,662 | $ 4,374,462 |
| **LIABILITIES AND NET ASSETS** | | |
| Current: | | |
| Bank indebtedness | $ 47,791 | $ 18,480 |
| Accounts payable and accrued liabilities | 307,560 | 385,475 |
| Unearned revenue | 194,929 | 423,826 |
| | 550,280 | 827,781 |
| Deferred capital grants (Note 5) | 1,772,438 | 1,370,907 |
| Due to Government of Alberta (Note 6) | 81,451 | 85,201 |
| | 1,853,889 | 1,456,108 |
| | 2,404,169 | 2,283,889 |
| Net assets (Statement 2) | 2,182,493 | 2,090,573 |
| | $ 4,586,662 | $ 4,374,462 |

(See accompanying notes to the financial statements)

Statement 2

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
## STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
### Year Ended March 31

| | Budget (Note 11) | 2000 | 1999 |
|---|---|---|---|
| **Revenue** | | | |
| Provincial transfers: | | | |
| Saskatchewan - General Revenue Fund - Department of Agriculture and Food | $ 768,000 | 768,000 | $ 768,000 |
| Manitoba - Consolidated Fund - Department of Agriculture | 332,500 | 332,500 | 332,500 |
| | 1,100,500 | 1,100,500 | 1,100,500 |
| Fee for service | 3,220,344 | 2,938,692 | 3,046,600 |
| Subscription income | 26,000 | 80,078 | 29,364 |
| Government Capital Grants (Note 5) | --- | 72,262 | 6,864 |
| Investment income | 26,000 | 53,703 | 32,100 |
| Other income | 7,315 | 2,411 | 11,168 |
| Total revenue | 4,380,159 | 4,247,646 | 4,226,596 |
| **Expenses** | | | |
| Salaries | 2,029,510 | 2,064,656 | 1,988,085 |
| Operating | 2,139,462 | 1,896,107 | 2,013,669 |
| Amortization | 125,000 | 194,963 | 137,292 |
| Total expenses (Schedule 1) | 4,293,972 | 4,155,726 | 4,139,046 |
| Excess of revenue over expenses | 86,187 | 91,920 | 87,550 |
| Net assets, beginning of year | 2,090,573 | 2,090,573 | 2,003,023 |
| Net assets, end of year (Statement 1) | $ 2,176,760 | 2,182,493 | $ 2,090,573 |

(See accompanying notes to the financial statements)

Statement 3

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
## STATEMENT OF CASH FLOWS
### Year Ended March 31

| | 2000 | 1999 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Cash receipts from customers | $ 2,381,478 | $ 3,240,221 |
| Cash receipts from General Revenue Fund | 768,000 | 768,000 |
| Cash receipts from Manitoba | 332,500 | 332,500 |
| Cash paid to suppliers and employees | (4,033,785) | (4,087,289) |
| Investment income | 53,703 | 32,100 |
| Other cash receipts | 2,411 | 11,168 |
| Cash flows from operating activities | (495,693) | 296,700 |
| **Cash flows from investing activities:** | | |
| Purchase of capital assets | (456,890) | (1,323,813) |
| Proceeds from sale of capital assets | 2,137 | 1,544 |
| Cash flows used in investment activities | (454,753) | (1,322,269) |
| **Cash flows from financing activities:** | | |
| Receipt of capital grants (Note 5) | 590,214 | 1,231,526 |
| Increase (decrease) in bank loan | 29,311 | (79,731) |
| Cash flows from financing activities | 619,525 | 1,151,795 |
| Net (decrease) increase in cash and cash equivalents | (330,921) | 126,226 |
| Cash and cash equivalents, beginning of year | 785,791 | 659,565 |
| Cash and cash equivalents, end of year | $ 454,870 | $ 785,791 |
| Cash and cash equivalents consist of: | | |
| Due from General Revenue Fund | $ 125,148 | $ 471,011 |
| Short-term investments | 329,722 | 314,780 |
| | $ 454,870 | $ 785,791 |

(See accompanying notes to the financial statements)

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
## NOTES TO THE FINANCIAL STATEMENTS
### March 31, 2000

### 1. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies of the Prairie Agricultural Machinery Institute (Institute) are as follows:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Short-term Investments

Short-term investments are recorded at cost which approximates their fair market value.

c) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method of amortizing capital assets over their expected useful life. The following rates have been used in applying this policy:

| | |
|---|---|
| Building | 5% |
| Equipment | 10% |
| Furniture | 10% |
| Vehicles | 10% |
| Computer equipment | 30% |

d) Unearned Revenue

Unearned revenue consists of subscription and fee for service revenue that will be earned in future periods. These amounts are included in income when revenue is earned.

e) Deferred Grants

Contributions that are restricted for a specified use are initially deferred and are recorded as revenue when the related expenses are incurred. Contributions for capital assets are deferred until the assets are put in use and amortized. The amount of revenue that is recognized is equal to the amount of amortization charged for the capital assets.

f) Fee for Service Revenue

Fee for service revenue on contracts is recognized using the percentage of completion method.

g) Funding

The Institute's operations are funded by Saskatchewan and Manitoba according to an agreement between the two provinces.

The Institute, in accordance with the authority included in Order in Council 1800/79, follows the policy of retaining any excess of revenue over expenses.

On wind-up, any net assets will be divided among the two provinces in proportion to their share in the Institute's assets equivalent to the percentage of funding provided to date by each province.

## 2. Incorporation

The Institute is a body corporate under *The Prairie Agricultural Machinery Institute Act, 1999*. The affairs and business of the Institute are managed by the Prairie Agricultural Machinery Institute Board (Board).

The purposes of the Institute are:

a) to test and appraise under actual or simulated working conditions, machinery and electronic equipment used or intended to be used in the agriculture or food industries;

b) to undertake research and development projects to improve and develop machinery and electronic equipment for agricultural or food industries use;

c) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act; and

d) to perform such additional functions as may be determined by the Board to be consistent with the objectives of the Institute.

## 3. Due from General Revenue Fund

One of the Institute's bank accounts is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Institute's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate (2000 average rate – 4.79%; 1999 average rate – 5.04%) and the Institute's average daily bank account balance.

## 4. Capital Assets

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Buildings | $ 3,176,515 | $ 1,568,346 | $ 1,608,169 | $ 1,630,971 |
| Equipment | 1,653,132 | 906,064 | 747,068 | 568,296 |
| Land & improvements | 228,647 | — | 228,647 | 225,962 |
| Furniture | 189,606 | 160,010 | 29,596 | 30,509 |
| Vehicles | 243,569 | 145,305 | 98,264 | 29,969 |
| Computer equipment | 289,225 | 172,570 | 116,655 | 87,788 |
| Building under construction | 65,364 | — | 65,364 | 65,364 |
| Total | $ 5,846,058 | $ 2,952,295 | $ 2,893,763 | $ 2,638,859 |

## 5. Deferred Capital Grants

During the year, the Institute received contributions of $300,214 (1999 - $1,006,525) from the Agri-Food Innovation Fund (AFIF), $225,000 (1999 – $225,000) from the Department of Economic and Co-operative Development, and $65,000 (1999 - $0) from the Agriculture Development Fund. An additional amount of $29,817 (1999 - $146,245) is receivable from AFIF at year-end. These amounts are to build and equip the Humboldt Crops Processing Centre. The Institute recorded $72,262 (1999 - $6,864) as revenue equal to the amount of amortization recorded for the Centre.

## 6. Due to Government of Alberta

Effective March 31, 1988, Alberta terminated its participation in the original agreement dated October 1974. This agreement established the Institute as a collaboration of the provinces of Saskatchewan, Alberta and Manitoba. As part of the termination, the Institute agreed to transfer to Alberta 35% of the Institute's net assets as at March 31, 1988. The amount owing to Alberta is $81,451 (1999 - $85,201). The Institute is discharging this liability by performing services for Alberta.

## 7. Commitments

The Institute has agreed to provide monetary and in-kind contributions for several research and development contracts entered into in 1999/2000. The commitments at March 31, 2000 amount to $26,300 (1999 - $10,957).

## 8. Financial Instruments

### a) Significant terms and conditions

Significant terms and conditions related to financial instruments may affect the amount, timing and certainty of future cash flows. When such significant terms and conditions exist, they are described separately in the financial statements and the notes thereto.

### b) Fair value

For certain of the Institute's financial instruments including:

i) due from General Revenue Fund
ii) short-term investments
iii) restricted cash
iv) accounts receivable
v) bank indebtedness
vi) accounts payable and accrued liabilities

the carrying amounts approximate fair value due to the immediate or short-term maturity of these financial instruments.

### c) Credit risk

The Institute is exposed to credit risk from the potential non-payment of accounts receivable. The Institute has entered into contracts with both the federal and provincial governments. The Institute has also entered into contracts with private organizations and individuals. The credit risk on these accounts receivable is minimal. All accounts considered uncollectible are included in an allowance for doubtful accounts.

### d) Interest rate risk

The Institute is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates. The Institute's receivables from governments are non-interest bearing. Receivables from private organizations and individuals bear interest at two percent. The Institute's payables are non-interest bearing.

### e) Currency risk

The Institute is exposed to currency risk when the value of its financial instruments held in U.S. currency fluctuates. This occurs due to changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 2000, the Institute had accounts receivable of $60,760 (1999 – none) converted to Canadian dollars at year end at a conversion rate of 1.4495.

## 9. Related Party Transactions

These financial statements include transactions with related parties. The Institute is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Institute is related to non-Crown enterprises that the Government jointly controls or significantly influences.

### a) Operating Activities

Routine operating transactions with related parties are recorded at the standard rates charged by these organizations and are settled on normal trade terms. Those transactions and amounts outstanding at year-end are as follows:

| | 2000 | 1999 |
|---|---|---|
| Fee for service revenue | $ 471,570 | $ 293,755 |
| Operating expenses | 312,326 | 371,162 |
| Accounts receivable | 189,509 | 152,358 |
| Accounts payable and accrued liabilities | 7,309 | 8,696 |

In addition, the Corporation pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

## 10. Contractual Arrangement

In 1991, the Institute entered into a contractual arrangement with Western Canada Testing Inc. (WCTI) for the use of a testing facility. Under the arrangement WCTI retains 10% or 22% of the contract price from members and non-members, respectively, as a service charge for the Institute's use of the testing facility. During the year, the Institute earned $869,459 (1999 - $1,062,547) net of WCTI retention from this arrangement and as at March 31, 2000, $253,354 (1999 - $268,274) is included in accounts receivable.

## 11. Budget

The budget for 1999/2000 was approved by the Board on March 29, 1999.

## 12. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

Schedule 1

## PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
## SCHEDULE OF EXPENSES
## YEAR ENDED MARCH 31

| | 2000 | 1999 |
|---|---:|---:|
| Salaries | $ 2,064,656 | $ 1,988,085 |
| Travel and vehicle operations | 296,846 | 478,586 |
| Shop supplies | 279,177 | 320,402 |
| Contractual services | 352,681 | 317,844 |
| Employee benefits | 277,355 | 279,296 |
| Amortization expense | 194,963 | 137,292 |
| Insurance, licences and taxes | 170,881 | 130,024 |
| Repairs and maintenance - building and equipment | 73,702 | 127,476 |
| Stationery and office supplies | 73,936 | 79,512 |
| Utilities | 86,323 | 75,613 |
| Telephone | 56,326 | 66,928 |
| Computer services | 51,246 | 41,259 |
| Advertising and promotion | 19,040 | 24,067 |
| Professional and technical services | 37,514 | 22,280 |
| Reference material | 22,310 | 14,545 |
| Printing and binding | 63,589 | 14,048 |
| Rent - building and equipment | 28,636 | 11,675 |
| Interest expense | 454 | 4,996 |
| Other expense | 2,826 | 4,223 |
| Honoraria | 1,198 | 880 |
| Bad debt expense | 2,067 | 15 |
| | $ 4,155,726 | $ 4,139,046 |

KPMG LLP
Chartered Accountants

## AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 29, 2000

KPMG LLP, a Canadian owned limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

# SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

**Statement of Financial Position**
**As at March 31**

| | Waterfowl Account | | New Crops Insurance Account | | Big Game Damage Account | | Agricultural Income Disaster Assistance Account | | Unseeded Acreage Benefit Account | | Canada-Saskatchewan Adjustment Account | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **Assets** | | | | | | | | | | | | | | |
| Cash | $ 306,943 | $ 28,542 | $ — | $ — | $ 902,107 | $ 242,092 | $ — | — | $ 86,364 | — | $ — | — | $ 1,295,414 | $ 270,634 |
| Investments (note 5) | 15,100,000 | 19,064,636 | — | — | 9,000,000 | 10,124,040 | — | — | — | — | — | — | 24,100,000 | 29,188,676 |
| Due from Province of Saskatchewan - General Revenue Fund (note 4) | 1,805,000 | — | 27,214,495 | 25,952,804 | 820,000 | — | 130,000,000 | 140,000,000 | 310,662 | — | 80,000,000 | — | 240,150,157 | 165,952,804 |
| Due from Government of Canada | — | — | — | — | — | — | — | — | — | — | 180,000,000 | — | 180,000,000 | — |
| Accrued interest and other receivables | 9,320 | 57,842 | 341,078 | 318,282 | 26,910 | 21,671 | — | — | 6,384 | — | — | — | 383,692 | 397,795 |
| | $ 17,221,263 | $ 19,151,020 | $ 27,555,573 | $ 26,271,086 | $ 10,749,017 | $ 10,387,803 | $ 130,000,000 | $ 140,000,000 | $ 403,410 | $ — | $ 260,000,000 | $ — | $ 445,929,263 | $ 195,809,909 |
| **Liabilities and Net Assets** | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 44,239 | 228,321 | — | — | 322 | 3,240 | — | — | 12,297 | — | 259,600,000 | — | 259,656,858 | 231,561 |
| Due to the Saskatchewan Crop Insurance Corporation | — | — | 112,401 | — | — | — | — | — | — | — | 400,000 | — | 512,401 | — |
| Due to Government of Canada | — | — | — | — | — | — | 130,000,000 | 70,000,000 | 391,113 | — | — | — | 130,391,113 | 70,000,000 |
| Deferred revenue | 9,479,309 | 11,640,761 | 14,943,799 | 15,000,000 | 3,913,479 | 4,360,359 | — | — | — | — | — | — | 28,336,587 | 31,001,120 |
| | 9,523,548 | 11,869,082 | 15,056,200 | 15,000,000 | 3,913,801 | 4,363,599 | 130,000,000 | 70,000,000 | 403,410 | — | 260,000,000 | — | 418,896,959 | 101,232,681 |
| Net Assets | 7,697,715 | 7,281,938 | 12,499,373 | 11,271,086 | 6,835,216 | 6,024,204 | — | 70,000,000 | — | — | — | — | 27,032,304 | 94,577,228 |
| | $ 17,221,263 | $ 19,151,020 | $ 27,555,573 | $ 26,271,086 | $ 10,749,017 | $ 10,387,803 | $ 130,000,000 | $ 140,000,000 | $ 403,410 | $ — | $ 260,000,000 | $ — | $ 445,929,263 | $ 195,809,909 |

See accompanying notes to financial statements

## SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

**Statement of Operations and Changes in Net Assets**
**For the Year Ended March 31**

| | Waterfowl Account | | New Crops Insurance Account | | Big Game Damage Account | | Agricultural Income Disaster Assistance Account | | Unseeded Acreage Benefit Account | | Canada-Saskatchewan Adjustment Account | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **Revenue** | | | | | | | | | | | | | | |
| Interest income | $ 772,229 | $ 622,394 | $ 1,284,487 | $ 1,080,729 | $ 437,892 | $ 354,213 | $ — | $ — | $ 31,420 | $ — | $ — | $ — | $ 2,526,028 | $ 2,057,336 |
| Province of Saskatchewan | | | | | | | | | | | | | | |
| - General Revenue Fund grant programs | 1,805,000 | 1,898,077 | — | — | 820,000 | 959,408 | 35,000,000 | 140,000,000 | 3,510,662 | — | 80,000,000 | — | 121,135,662 | 142,857,485 |
| Government of Canada | 2,161,452 | 260,181 | 56,201 | — | 446,880 | 264,978 | — | — | 5,265,993 | — | 180,000,000 | — | 187,930,526 | 525,159 |
| | 4,738,681 | 2,780,652 | 1,340,688 | 1,080,729 | 1,704,772 | 1,578,599 | 35,000,000 | 140,000,000 | 8,808,075 | — | 260,000,000 | — | 311,592,216 | 145,439,980 |
| **Expenses** | | | | | | | | | | | | | | |
| Indemnities | 4,322,904 | 520,361 | 112,401 | — | 893,760 | 529,955 | — | — | — | — | — | — | 5,329,065 | 1,050,316 |
| Grants to Producers | — | — | — | — | — | — | — | — | 8,808,075 | — | 259,600,000 | — | 268,408,075 | — |
| Transfers to the Government of Canada | — | — | — | — | — | — | 105,000,000 | 70,000,000 | — | — | — | — | 105,000,000 | 70,000,000 |
| Administration | — | — | — | — | — | — | — | — | — | — | 400,000 | — | 400,000 | — |
| | 4,322,904 | 520,361 | 112,401 | — | 893,760 | 529,955 | 105,000,000 | 70,000,000 | 8,808,075 | — | 260,000,000 | — | 379,137,140 | 71,050,316 |
| Excess (deficiency) of revenue over expenses for the year | 415,777 | 2,260,291 | 1,228,287 | 1,080,729 | 811,012 | 1,048,644 | (70,000,000) | 70,000,000 | — | — | — | — | (67,544,924) | 74,389,664 |
| **Net Assets, beginning of year** | 7,281,938 | 5,021,647 | 11,271,086 | 10,190,357 | 6,024,204 | 4,975,560 | 70,000,000 | — | — | — | — | — | 94,577,228 | 20,187,564 |
| **Net Assets, end of year** | $ 7,697,715 | $ 7,281,938 | $ 12,499,373 | $ 11,271,086 | $ 6,835,216 | $ 6,024,204 | $ — | $ 70,000,000 | $ — | $ — | $ — | $ — | $ 27,032,304 | $ 94,577,228 |

See accompanying notes to financial statements

# SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

**Statement of Cash Flows**
**For the Year Ended March 31**

| | Waterfowl Account | | New Crops Insurance Account | | Big Game Damage Account | | Agricultural Income Disaster Assistance Account | | Unseeded Acreage Benefit Account | | Canada-Saskatchewan Adjustment Account | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| **Cash Flows from operating activities:** | | | | | | | | | | | | | | |
| Cash receipts from the Government of Canada | $ — | $ 11,898,077 | $ — | $ 15,000,000 | $ — | $ 5,768,788 | $ — | $ — | $ 5,657,106 | $ — | $ — | $ — | $ 5,657,106 | $ 32,666,865 |
| Cash receipts from the General Revenue Fund | 1,805,000 | 1,898,077 | — | — | 820,000 | 959,808 | 35,000,000 | 140,000,000 | 3,510,662 | — | 80,000,000 | — | 121,135,662 | 142,857,485 |
| Cash refunds from producers | — | — | — | — | — | 3,978 | — | — | — | — | — | — | | |
| Interest received | 820,751 | 583,889 | 1,261,691 | 821,639 | 432,653 | 332,542 | — | — | 25,036 | — | — | — | 2,540,131 | 1,738,070 |
| Cash paid to the Government of Canada | — | — | — | — | — | — | (45,000,000) | — | — | — | — | — | (45,000,000) | — |
| Cash paid to producers | (4,506,986) | (292,040) | — | — | (896,678) | (527,276) | — | — | (8,795,778) | — | — | — | (14,199,442) | (819,316) |
| **Net Increase (Decrease) in cash and cash equivalents** | (1,881,235) | 14,088,003 | 1,261,691 | 15,821,639 | 355,975 | 6,537,440 | (10,000,000) | 140,000,000 | 397,026 | — | 80,000,000 | — | 70,133,457 | 176,447,082 |
| **Cash and cash equivalents at beginning of period** | 19,093,178 | 5,005,175 | 25,952,804 | 10,131,165 | 10,366,132 | 3,828,692 | 140,000,000 | — | — | — | — | — | 195,412,114 | 18,965,032 |
| **Cash and cash equivalents at end of period** | $ 17,211,943 | $ 19,093,178 | $ 27,214,495 | $ 25,952,804 | $ 10,722,107 | $ 10,366,132 | $ 130,000,000 | $ 140,000,000 | $ 397,026 | $ — | $ 80,000,000 | $ — | $ 265,545,571 | $ 195,412,114 |
| **Cash and cash equivalents include:** | | | | | | | | | | | | | | |
| Cash | $ 306,943 | $ 28,542 | $ — | $ — | $ 902,107 | $ 242,092 | $ — | $ — | $ 86,364 | $ — | $ — | $ — | $ 1,295,414 | $ 270,634 |
| Investments | 15,100,000 | 19,064,636 | — | — | 9,000,000 | 10,124,040 | — | — | — | — | — | — | 24,100,000 | 29,188,676 |
| Due from the Province of Saskatchewan - General Revenue Fund | 1,805,000 | — | 27,214,495 | 25,952,804 | 820,000 | — | 130,000,000 | 140,000,000 | 310,662 | — | 80,000,000 | — | 240,150,157 | 165,952,804 |
| | $ 17,211,943 | $ 19,093,178 | $ 27,214,495 | $ 25,952,804 | $ 10,722,107 | $ 10,366,132 | $ 130,000,000 | $ 140,000,000 | $ 397,026 | $ — | $ 80,000,000 | $ — | $ 265,545,571 | $ 195,412,114 |

See accompanying notes to financial statements

# Saskatchewan Agricultural Stabilization Fund
# Notes to the Financial Statements
# As at March 31, 2000

## 1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund was established under *The Farm Financial Stability Act*.

The following programs have separate accounts within the Fund:

*New Crops Insurance Program:*
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

*Big Game Damage Compensation Program:*
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

*Waterfowl Damage Compensation Program:*
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

*Agricultural Income Disaster Assistance (AIDA) Program:*
The AIDA Program was established in the 1998-99 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins for the 1998 and 1999 claim years, due to circumstances beyond their control.

*Unseeded Acreage Benefit Program:*
The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of The Farm Financial Stability Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year and were unable to seed on or before June 25, 1999 due to excessive spring moisture conditions.

*Canada-Saskatchewan Adjustment Program (CSAP):*
The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of The Farm Financial Stability Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that the programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

## 2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

*Investments:*
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

*Cash and Cash Equivalents:*
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

*Use of Estimates:*
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

*Revenue Recognition:*
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP is intended to be funded approximately 70% by the Federal Government and 30% by the Provincial Government and; the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

The Fund only administers the Provincial portion of the AIDA program and as a result, the Fund does not show any funding from the Federal Government for AIDA.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

# Saskatchewan Agricultural Stabilization Fund
## Notes to the Financial Statements
## As at March 31, 2000

### 3. Due from Province of Saskatchewan General Revenue Fund

The New Crops bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty day borrowing rate was 4.79% (1999 – 5.04%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA Account funds are deposited in the General Revenue Fund. Interest is not paid on this account.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

### 4. Investments

The Fund's investments are:

| Maturity | Interest Rate | Waterfowl Account | Big Game Account |
|---|---|---|---|
| April 12, 2000 | 4.15% | $200,000 | $500,000 |
| April 26, 2000 | 4.30% | 400,000 | 500,000 |
| May 31, 2000 | 4.70% | 14,500,000 | 8,000,000 |
| | TOTAL | $15,100,000 | $9,000,000 |

### 5. Planned results

| | Budget 1999-00 ($000) | Actual 1999-00 ($000) | Actual 1998-99 ($000) |
|---|---|---|---|
| **Revenue** | | | |
| New Crops Insurance | $1,200 | $1,341 | $1,081 |
| Big Game Damage Compensation | 1,200 | 1,705 | 1,578 |
| Waterfowl Crop Damage Compensation | 2,800 | 4,739 | 2,781 |
| Agricultural Income Disaster Assistance | --- | 35,000 | 140,000 |
| Unseeded Acreage Benefit | --- | 8,808 | --- |
| Canada-Saskatchewan Adjustment Program | --- | 260,000 | --- |
| **Expenses** | | | |
| New Crops Insurance | --- | 112 | --- |
| Big Game Damage Compensation | 800 | 894 | 530 |
| Waterfowl Crop Damage Compensation | 2,000 | 4,323 | 520 |
| Agricultural Income Disaster Assistance | 70,000 | 105,000 | 70,000 |
| Unseeded Acreage Benefit | --- | 8,808 | --- |
| Canada-Saskatchewan Adjustment Program | --- | 260,000 | --- |

### 6. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Due from the Government of Canada
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Government of Canada

### 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl, New Crops Insurance, Big Game Damage, Unseeded Acreage Benefit and Canada-Saskatchewan Adjustment accounts. The Fund will be charged administration fees by Saskatchewan Crop Insurance Corporation for the Canada-Saskatchewan Adjustment account.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

# Auditors' Report

**To the Members of the Legislative Assembly**
**Province of Saskatchewan**

May 24, 2000

We have audited the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 2000 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Regina, Canada

# Balance Sheet

*March 31, 2000 with comparative figures for 1999*

| | 2000 | 1999<br>(Restated note 3) |
|---|---|---|
| **Assets** | | |
| Investments (note 5) | $ 3,298,071 | $ 6,394,268 |
| Due from the Province of Saskatchewan General Revenue Fund (note 4) | 219,224,121 | 166,407,159 |
| Accrued interest and other receivables | 2,829,100 | 2,263,894 |
| Premium and other program receivables | 35,813,574 | 19,300,698 |
| Due from Crop Reinsurance Fund of Canada for Saskatchewan | 436,137 | 436,137 |
| Prepaid expenses | 50,104 | 42,885 |
| Capital assets (note 6) | 3,796,115 | 3,455,220 |
| | $ 265,447,222 | $ 198,300,261 |
| **Liabilities and Net Assets** | | |
| Bank overdraft | $ 614,674 | $ 164,699 |
| Accounts payable and accrued liabilities | 3,217,053 | 2,907,442 |
| Estimated indemnities payable | 26,578 | 412,870 |
| Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan | 2,138,365 | 2,255,442 |
| Deferred administration revenue (note 7) | 3,796,115 | 7,453,106 |
| | 9,792,785 | 13,193,559 |
| Net assets | 255,654,437 | 185,106,702 |
| | $ 265,447,222 | $ 198,300,261 |

Commitments and contingencies (note 9).
See accompanying notes to financial statements.

On behalf of the Board:

Chairperson

Harold [illegible] Vice-Chairperson

# Statement of Operations and Net Assets

*Year Ended March 31, 2000 with comparative figures for 1999*

| | 2000 | 1999<br>(Restated note 3) |
|---|---|---|
| **Revenue** | | |
| Premium contributions: | | |
| Producers | $ 70,626,404 | $ 76,152,875 |
| Government of Saskatchewan | 55,375,052 | 58,004,547 |
| Government of Canada | 55,375,052 | 58,004,547 |
| | 181,376,508 | 192,161,969 |
| Less reinsurance premiums ceded: | | |
| Crop Reinsurance Fund of Canada for Saskatchewan | 12,552,394 | 17,541,505 |
| Crop Reinsurance Fund of Saskatchewan (note 1) | 14,140,460 | 20,590,252 |
| | 26,692,854 | 38,131,757 |
| Net premiums | 154,683,654 | 154,030,212 |
| Unseeded Acreage Supplementary Program grants (note 10) | 24,642,610 | — |
| Interest income | 10,718,649 | 10,319,764 |
| | 190,044,913 | 164,349,976 |
| **Expenses** | | |
| Indemnities | 94,699,675 | 91,747,709 |
| Unseeded Acreage Supplementary Program payments (note 10) | 24,642,610 | — |
| Bad debts | 154,893 | 3,262,119 |
| | 119,497,178 | 95,009,828 |
| Excess of revenue over expenses from insurance operations, before administration revenue and expenses | 70,547,735 | 69,340,148 |
| Administration revenue | | |
| Province of Saskatchewan operating grant (note 7) | 23,221,316 | 23,620,679 |
| Other administration revenue | 597,735 | 693,398 |
| | 23,819,051 | 24,314,077 |
| Administration expenses (Schedule 1) | 23,819,051 | 24,314,077 |
| Excess of revenue over expenses | 70,547,735 | 69,340,148 |
| Net assets, beginning of year | 185,106,702 | 115,766,554 |
| Net assets, end of year | $ 255,654,437 | $ 185,106,702 |

See accompanying notes to financial statements.

# Statement of Cash Flows

*Year Ended March 31, 2000 with comparative figures for 1999*

| | 2000 | 1999<br>(Restated note 3) |
|---|---|---|
| **Cash Provided by (Used In):** | | |
| **Operating Activities:** | | |
| Excess of revenue over expenses | $ 70,547,735 | $ 69,340,148 |
| Item not affecting cash: | | |
| Amortization | 1,524,946 | 1,398,140 |
| Change in non-cash operating items: | | |
| Accrued interest and other receivables | (565,206) | (779,217) |
| Premium and other program receivables | (16,512,876) | 863,154 |
| Prepaid expenses | (7,219) | (42,885) |
| Accounts payable and accrued liabilities | 309,611 | 635,002 |
| Estimated indemnities payable | (386,292) | 129,111 |
| Reinsurance premium payable to Crop Reinsurance Fund of Saskatchewan | (117,077) | (35,471,696) |
| Due to Crop Reinsurance Fund of Saskatchewan | — | (18,640,283) |
| Deferred administration revenue | (3,656,991) | (121,323) |
| | 51,136,631 | 17,310,151 |
| **Investment Activities:** | | |
| Purchase of capital assets | (1,865,841) | (1,276,817) |
| **Increase in cash and cash equivalents** | 49,270,790 | 16,033,334 |
| **Cash and cash equivalents, beginning of year** | 172,636,728 | 156,603,394 |
| **Cash and cash equivalents, end of year** | $ 221,907,518 | $ 172,636,728 |
| Represented by: | | |
| Bank overdraft | $ (614,674) | $ (164,699) |
| Investments | 3,298,071 | 6,394,268 |
| Due from Province of Saskatchewan General Revenue Fund | 219,224,121 | 166,407,159 |
| | $ 221,907,518 | $ 172,636,728 |

See accompanying notes to financial statements.

# Administration Expenditures

**Schedule 1**

*Year Ended March 31, 2000 with comparative figures for 1999*

| | 2000 | 1999 |
|---|---|---|
| Advertising | $ 572,314 | $ 660,730 |
| Amortization | 1,524,946 | 1,398,140 |
| Appeal Panel and Board of Directors meetings | 133,140 | 84,798 |
| Collection fees | 271,319 | 597,720 |
| Computer | 1,235,412 | 1,336,825 |
| Office rental | 948,691 | 918,653 |
| Office supplies and duplicating | 395,909 | 451,755 |
| Other | 341,178 | 296,714 |
| Postage | 329,164 | 376,806 |
| Professional fees | 561,139 | 846,301 |
| Salaries and benefits | 14,069,714 | 14,009,270 |
| Telephone | 405,261 | 445,634 |
| Travel and sustenance | 3,030,864 | 2,890,731 |
| | $ 23,819,051 | $ 24,314,077 |

See accompanying notes to financial statements.

# Notes to Financial Statements

**Saskatchewan Crop Insurance Corporation**
**March 31, 2000**

### 1. Status of the corporation:

The Saskatchewan Crop Insurance Corporation (the Corporation), a provincial Crown Corporation, was established under *The Crown Corporations Act* and continued under *The Crop Insurance Act*.

The Corporation administers the federal/provincial Crop Insurance program. In addition, on behalf of the Saskatchewan Agricultural Stabilization Fund, the Corporation administers the Waterfowl Damage Compensation, New Crops Insurance, Big Game Damage Compensation, Unseeded Acreage Benefit and Canada-Saskatchewan Adjustment accounts. The financial results of the Saskatchewan Agricultural Stabilization Fund are reported separately.

The Canada-Saskatchewan Crop Insurance Agreement requires that reinsurance funds be established by the Government of Canada and the Government of Saskatchewan. These reinsurance funds receive reinsurance premiums from the Corporation and, under certain circumstances, pay reinsurance benefits to the Corporation.

The Crop Reinsurance Fund of Saskatchewan is administered by the Corporation. The operations, assets and liabilities of this reinsurance fund are shown in separate financial statements as required by the Canada-Saskatchewan Crop Insurance Agreement.

As a crown entity, the Corporation is not subject to federal or provincial income tax, or federal goods and services tax.

### 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

*Capital assets:*
Capital assets are capitalized and amortized over their useful lives. They are recorded on the balance sheet at their net book value.

Amortization is charged against operations, and is provided on a straight line basis over the estimated useful lives of the assets with half the normal amortization taken in the year of purchase. The rates of amortization are:

| | |
|---|---|
| Equipment | 20% |
| Computer equipment | 20% |
| Leasehold improvements | 20% |

*Cash and cash equivalents:*
Cash and cash equivalents consist of bank overdraft, short-term investments with a maturity of 90 days or less and the Corporation's insurance fund bank account which is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 4).

*Investments:*
Investments are recorded at cost less any writedown required to reflect a permanent impairment in value.

# Notes to Financial Statements

*Premium revenue recognition:*

Crop insurance is a cost-shared program. Premium payments, for each of the last two years, are cost-shared as follows:

| | Producers % | Federal Gov't. % | Provincial Gov't. % |
|---|---|---|---|
| Base (50%) coverage | 20 | 40 | 40 |
| Buy-up (60-80%) coverage | 50 | 25 | 25 |

Premiums, including the producer and federal and provincial governments' shares, are recognized as income when invoiced to producers.

*Use of estimates:*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

## 3. Change in accounting policy:

During the current year the Corporation changed the way in which the net operating grant from the Province of Saskatchewan is reflected in its financial statements, such that any unexpended funds are shown as deferred administration revenue. Previously this grant was taken into income in the year received and any amounts not spent on administration expenses were reflected as an administration fund balance.

The net impact of this change is that the administration fund balance at March 31, 1999 of $7,453,106 has been reclassified as deferred administration revenue. In addition, excess of revenue for the year ended March 31, 1999 has been increased by $121,323.

## 4. Due from Province of Saskatchewan General Revenue Fund:

The Corporation's insurance bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan.

Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the Corporation's average daily account balance. Interest is paid by the Province of Saskatchewan General Revenue Fund to the Corporation on a quarterly basis.

## 5. Investments:

The Corporation's investments are in term deposits maturing April 3 and April 6, 2000, with effective interest rates of 5.25% and 5.30% respectively (1999-April 1, 1999, 5.08%).

## 6. Capital assets:

| | Cost | Accumulated Amortization | 2000 Net Book Value | 1999 Net Book Value |
|---|---|---|---|---|
| Equipment | $ 2,215,522 | $ 1,490,997 | $ 724,525 | $ 336,667 |
| Leasehold improvements | 518,350 | 94,166 | 424,184 | 190,490 |
| Computer equipment | 13,078,618 | 10,431,212 | 2,647,406 | 2,928,063 |
| | $15,812,490 | $12,016,375 | $3,796,115 | $3,455,220 |

## 7. Deferred administration revenue:

Under the terms of federal-provincial agreements, eligible administration revenue and expenses are shared on a 50%-50% basis. Government of Canada contributions are paid to the Government of the Province of Saskatchewan General Revenue Fund, which remits them to the Corporation.

To the extent this funding was not required to pay administration fund expenses of the current year it has been deferred and shown as deferred administration revenue.

## Notes to Financial Statements

Details of administration funding received and recorded as revenue is as follows:

| | 2000 | 1999 |
|---|---|---|
| Deferred administration revenue, Beginning of year | $ 7,453,106 | $ 7,574,429 |
| Province of Saskatchewan General Revenue Fund net operating grant Received | 19,950,000 | 23,526,000 |
| Net operating grant recorded as Revenue | (23,221,316) | (23,620,679) |
| Repayment of current years' net Operating grant | (385,675) | (26,644) |
| Deferred administration revenue, End of year | $ 3,796,115 | $ 7,453,106 |

The deferred administration revenue balance represents the unamortized portion of capital assets. This balance at March 31, 1999 also includes the excess of the province's net operating grant over capital assets purchased and administration expenses, excluding amortization, accumulated up to March 31, 1998. This accumulation was depleted in the current year.

### 8. Related party transactions:

Included in these financial statements are transactions with various Saskatchewan crown corporations, departments and agencies related to the Corporation by virtue of common control exercised by the Government of the Province of Saskatchewan.

In addition, one of the Corporation's directors is a partner in an organization which provided professional services to the corporation. During the current year these services amounted to $226,296 (1999-$338,917).

Routine operating transactions with related parties are measured at prevailing market prices under normal trade terms. These financial statements include the following balances from and transactions with related parties:

| | 2000 | 1999 |
|---|---|---|
| Accounts payable | $ 739,525 | $ 717,727 |
| Net general administration | 4,474,880 | 4,430,665 |

Other related party transactions are disclosed elsewhere in these financial statements.

### 9. Commitments and contingencies:

*Commitments:*

The Corporation is committed to the Saskatchewan Property Management Corporation, a related crown entity, for several leases for office space with annual payments of $947,082. The leases are currently renewable on an annual basis.

*Contingencies:*

Pursuant to the *The Canada-Saskatchewan Crop Insurance Agreement*, in the event the agreement is terminated and no new agreement is entered into, all capital assets funded by the agreement shall be disposed of and the proceeds shall be shared equally by the Government of the Province of Saskatchewan and the Government of Canada. As of March 31, 2000, all capital assets owned by the Corporation had been funded by this agreement.

Various legal actions for additional crop insurance indemnity payments have been initiated against the Corporation. Presently, the Corporation is actively defending these cases. While the outcome of these claims cannot be determined, management is of the opinion that the result of these actions will not have a material impact on the Corporation's financial position.

### 10. Supplemental Unseeded Acreage Benefit:

A $25.00 per acre payment was provided to crop insurance participants who were unable to seed, at least 95% of their normal seeded acres, on or before June 20, 1999 due to excessive moisture. The benefit, delivered under the authority of *The Canada-Saskatchewan Crop Insurance Agreement*, was cost-shared as follows:

| | |
|---|---|
| Government of Saskatchewan | $ 9,857,044 |
| Government of Canada | 14,785,566 |
| Total benefits paid | $24,642,610 |

# Notes to Financial Statements

### 11. Fair value of financial assets and financial liabilities:

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short term nature:

- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Accrued interest and other receivables
- Premium and other program receivables
- Due to/from the reinsurance funds
- Bank overdraft
- Accounts payable and accrued liabilities
- Estimated indemnities payable

# Auditor's Report

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Grain Car Corporation as at July 31, 1999, and the statements of revenue and expenditure, net assets and cash flows for the year then ended. The corporation's management is responsible for preparing these financial statements for Treasury Board's approval. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 1999, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Skilnick Robertson Besler Miller + Co.

SKILNICK ROBERTSON BESLER MILLER & CO.
Chartered Accountants

Melville, Saskatchewan
January 4, 2000

# Statement of Financial Position

**Statement 1**

| *as at July 31,1999* | *1999* | | | *1998* |
|---|---|---|---|---|
| | Operating Fund | Reserve Fund | Total | Total |
| **Assets** | | | | |
| Cash | $ 29,583 | $ | $ 29,583 | $ 119,310 |
| Due from General Revenue Fund *(Note 4)* | 6,557,827 | 1,154,957 | 7,732,784 | 7,116,774 |
| Accounts receivable *(Note 6)* | | | | |
| - accrued interest | 23,390 | 7,194 | 30,584 | 26,613 |
| - car leasing | 1,201,267 | | 1,201,267 | 640,824 |
| - miscellaneous | 13 | | 13 | 27 |
| Prepaid expenses | 877 | | 877 | 2,119 |
| Total assets | $7,832,957 | $1,162,151 | $8,995,108 | $7,905,667 |
| **Liabilities and Net Assets** | | | | |
| Accounts payable (Note 6) | $ 657 | | $ 657 | $ 223,531 |
| Wage deductions payable | 565 | | 565 | |
| Goods and services tax | 41,678 | | 41,678 | 37,190 |
| Total liabilities | 42,900 | | 42,900 | 260,721 |
| Net assets - Statement 3 | 7,790,057 | 1,162,151 | 8,952,208 | 7,644,946 |
| Total liabilities and net assets | $7,832,957 | $1,162,151 | $8,995,108 | $7,905,667 |

| | | | | |
|---|---|---|---|---|
| Investment in capital assets *(Note 7)* | | | $28,957,371 | $30,281,558 |

*See accompanying notes to financial statements*

Approved on behalf of the Board:

Judy Bradley

Judy Bradley
Chairman of the Board

# Statement of Revenue and Expenditure

**Statement 2**

| *for the year ended July 31,1999* | *1999* | | | | *1998 Reclassified (Note 9)* |
|---|---|---|---|---|---|
| | Budget | Operating Fund | Reserve Fund | Total | Total |
| **Revenue** | | | | | |
| Car leasing *(Note 2)* | $ 700,000 | $1,305,593 | $ | $1,305,593 | $1,507,271 |
| Interest *(Notes 4 and 5)* | 300,000 | 308,975 | 57,379 | 366,354 | 271,073 |
| Compensation for destroyed grain cars *(Note 2)* | 36,000 | | Nil | Nil | 214,144 |
| Total revenue | 1,036,000 | 1,614,568 | 57,379 | 1,671,947 | 1,992,488 |
| **Expenditure** | | | | | |
| Salaries | 70,000 | 64,140 | | 64,140 | 42,974 |
| Salary benefits *(Notes 5 and 8)* | 15,000 | 6,561 | | 6,561 | 5,706 |
| Fleet Manager contract, travel and sustenance (Note 5) | 80,000 | 73,912 | | 73,912 | 74,186 |
| Other travel and sustenance | 1,000 | 3,612 | | 3,612 | 843 |
| Bad debt/allowance for uncollectible accounts | Nil | 53,543 | | 53,543 | 160,000 |
| Administration *(Schedule 1)* | 205,650 | 162,917 | | 162,917 | 391,404 |
| Total expenditure | 371,650 | 364,685 | Nil | 364,685 | 675,113 |
| **Excess of revenue over expenditure for the year** | $ 664,350 | $1,249,883 | $ 57,379 | $1,307,262 | $1,317,375 |

*See accompanying notes to financial statements*

# Statement of Net Assets

**Statement 3**

| *for the year ended July 31, 1999* | *1999* | | | *1998* |
|---|---|---|---|---|
| | Operating Fund | Reserve Fund | Total | Total |
| Net assets, beginning of year | $6,540,174 | $ 1,104,772 | $7,644,946 | $6,327,571 |
| Excess of revenue over expenditure for the year | 1,249,883 | 57,379 | 1,307,262 | 1,317,375 |
| **Net assets, end of year** | $7,790,057 | $1,162,151 | $8,952,208 | $7,644,946 |

*See accompanying notes to financial statements*

# Statement of Cash Flows

Statement 4

| *for the year ended July 31,1999* | *1999* | *1998* |
|---|---|---|
| Cash flows from operating activities | | |
| Excess of revenue over expenditure for the year | $1,307,262 | $1,317,375 |
| Net change in non-cash working capital balances related to operations - see summary below | (780,979) | (202,751) |
| Cash flows from operations | 526,283 | 1,114,624 |
| Cash flows from (used in) investing activities | | |
| Increase (decrease) in investments | ( 616,010) | (1,023,294) |
| Cash flows from (used in) investing activities | ( 616,010) | (1,023,294) |
| Net (decrease) increase in cash during year | ( 89,727) | 91,330 |
| Cash position at beginning of year | 119,310 | 27,980 |
| Cash position at end of year | $ 29,583 | $ 119,310 |
| **Summary of changes in non-cash working capital** | | |
| (Increase) Decrease in Assets | | |
| Accounts receivable | ( 564,400) | ( 449,011) |
| Prepaid expenses | 1,242 | ( 1,551) |
| | ( 563,158) | ( 450,562) |
| Increase (Decrease) in Liabilities | | |
| Accounts payable | ( 222,874) | 210,621 |
| Wage deductions payable | 565 | Nil |
| Goods and services taxes | 4,488 | 37,190 |
| | ( 217,821) | 247,811 |
| | $( 780,979) | $( 202,751) |

*See accompanying notes to financial statements*

# Notes to Financial Statements

## 1. Status of the Corporation

The Saskatchewan Grain Car Corporation is a Provincial Crown Corporation established on October 2, 1979 by Order-in-Council 1787/79. The Corporation continues under the authority and provisions of *The Saskatchewan Grain Car Corporation Act.*

The Corporation's mission is to maximize the economic benefits to the Saskatchewan agricultural industry as a first priority, other Saskatchewan industries, and the Province in general, through the efficient and effective use and operation of its fleet.

## 2. Operating Agreement

The Corporation has entered into an agreement dated February, 1981, with the Canadian National Railway Company, Canadian Pacific Limited, and The Canadian Wheat Board which allows the railways to lease the Corporation's cars free of charge for statutory grain service. Statutory grain service refers to the carriage of wheat, durum, oats, barley, rye, flax, and canola at regulated freight rates.

With the approval of the Corporation, the railways may lease the Corporation's cars for commercial service, provided the cars are surplus to the requirements for statutory grain service. Commercial service includes the carriage of grain at non-regulated freight rates as well as the carriage of other bulk commodities, such as potash. The railways are required to pay an agreed leasing charge to the Corporation for these movements.

The railways are responsible for maintaining and repairing the Corporation's cars at their own expense in accordance with industry standards.

In the event that one of the Corporation's cars is damaged beyond economic repair, the railway responsible is required to compensate the Corporation for the value of the car in accordance with Rule 107 of the Interchange Rules Manual of the Association of American Railroads. The value is based on the current replacement value of the car and the age of the car. All amounts received from the railways as compensation for destroyed cars are placed in a reserve fund to be used for the purchase of new cars.

## 3. Significant accounting policies

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

The Corporation uses the accrual basis of accounting. Where the Corporation is the lessor, rental revenues from car operating leases is recognized as the service is provided to the lessee and collection is reasonably assured.

The financial records of the Corporation are segregated into two funds:

(i) Operating Fund, which records the operating revenues and expenditures of the Corporation; and

(ii) Reserve Fund, which records the compensation received from the railways for destroyed cars. All interest earned from cash balances is retained by the Reserve Fund.

# Notes to Financial Statements

## 4. Due from General Revenue Fund

Most of the Corporation's bank accounts are included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Corporation's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Corporation's bank account using the Government's thirty day borrowing rate and the Corporation's average daily bank balance. The Government's average thirty day borrowing rate for 1998/99 is 5.01% (1997/98 4.28%).

## 5. Related party transactions

These financial statements include transactions with related parties. The Corporation is related to all Saskatchewan Crown Agencies such as departments, corporations, boards, and commissions under the common control of the Government of Saskatchewan. Also, the Corporation is related to non-crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the rate charged by those organizations and are settled on normal trade terms.

These transactions are as follows:

| | 1999 | 1998 |
|---|---|---|
| **Revenue** | | |
| Government of Saskatchewan (General Revenue Fund) - interest earnings | $ 366,354 | $ 271,073 |
| **Expenditure** | | |
| Department of Highways and Transportation - Acting Fleet Manager services | $ 59,223 | $ 69,800 |
| Department of Highways and Transportation - Data processing and data storage | $ 21,055 | $ 291,919 |
| Saskatchewan Property Management Corporation | | |
| - Office rent | $ 8,939 | $ 6,821 |
| - Additional office space rental for $512 per month for August 1999 | $ 512 | $ 1,024 |
| - Printing and copying | $ 181 | NIL |
| - Office supplies and postage | $ 950 | $ 722 |
| - Computer equipment | $ 48 | NIL |
| Saskatchewan Telecommunications - Telecommunication services | $ 10,180 | $ 5,769 |
| Crown Investments Corporation (Capital Pension Plan) - Employee pension plan contributions | $ 1,605 | $ 1,550 |
| Workers' Compensation Board (Saskatchewan) | $ (15) | $ 595 |

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

# Notes to Financial Statements

## 6. Financial instruments

*Significant terms and conditions*

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that may affect the amount, timing or certainty of future cash flows.

*Credit risk*

The Corporation is exposed to credit risk from the potential non-payment of accounts receivable. The Corporation's receivables consist of amounts due from Canadian National Railway Company, Canadian Pacific Limited, and accrued interest on funds invested by the Provincial Government. The credit risk on collection of the receivable balance is minimal.

*Fair value*

The carrying amount of cash, due from General Revenue Fund, accounts receivable and accounts payable approximate fair market value due to their immediate or short term nature.

## 7. Investment in capital assets

In 1992, the Corporation wrote off its capital assets consisting entirely of hopper cars due to the inability to project with reasonable certainty the possible future net cash flows from usage. The following is provided for information purposes.

The Corporation purchased 1,000 covered hopper cars in 1981 at a cost of $54,214,423. As of July 31, 1999, 23 cars have been destroyed; the remaining 977 cars are in service.

The investment in the hopper cars is amortized on a straight line basis over an expected useful life of 40 years.

| *As at July 31* | *1999* | | | *1998* | | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Rolling stock | $52,967,491 | $24,010,120 | $28,957,371 | $52,967,491 | $22,685,933 | $30,281,558 |

The 1999 amortization totalled $1,324,187 (1998 $1,327,011).

## 8. Pension plan

The Corporation participates in a defined contribution pension plan for the benefit of its employees. The Corporation's financial obligation to the Capital Pension Plan is limited to making regular payments to match the amounts contributed by employees for current service. The Corporation's annual pension expense for 1999 amounted to $1,605 (1998 $1,550).

## 9. Comparative figures

Comparative figures have been reclassified, where necessary, to conform to presentation adopted in the current year.

## 10. Uncertainty due to the Year 2000 issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# Schedule of Administrative Expenses

| *for the year ended July 31, 1999* | *1999* | *1999* | *1998 Reclassified (Note 9)* |
|---|---|---|---|
| | **Budget** | | |
| OPERATING FUND | | | |
| Advertising and promotion | $ 500 | $ Nil | $ Nil |
| Bank charges | 150 | 201 | 147 |
| Computer equipment *(Note 5)* | NIL | 11,444 | NIL |
| Computer maintenance | 3,600 | 3,524 | 3,524 |
| Consulting services | 125,000 | 92,225 | 45,942 |
| Data processing - car leasing *(Note 5)* | 33,000 | 21,055 | 291,919 |
| Miscellaneous | 500 | 436 | 45 |
| Office supplies *(Note 5)* | 500 | 1,119 | 427 |
| Postage and courier *(Note 5)* | 250 | 173 | 467 |
| Printing and copying *(Note 5)* | 1,250 | 897 | 1,169 |
| Professional services | 28,200 | 11,403 | 15,747 |
| Rent - office space *(Note 5)* | 7,700 | 9,451 | 7,845 |
| Subscriptions - railway data | Nil | 809 | 18,403 |
| Telecommunications *(Note 5)* | 5,000 | 10,180 | 5,769 |
| Total - to Statement 2 | $205,650 | $ 162,917 | $ 391,404 |
| RESERVE FUND | | | |
| Car restoration | $ Nil | $ Nil | $ Nil |
| Total - to Statement 2 | $ Nil | $ Nil | $ Nil |

*See accompanying notes to financial statements*

SIPA
**Saskatchewan Irrigation Projects Association**

## Auditor's Report

To the Members
Saskatchewan Irrigation Projects Association

I have examined the statement of financial position of the Saskatchewan Irrigation Projects Association as at March 31, 2000 and the statement of operations for the year then ended. These financial statements are the responsiblity of the Associations' management. Our responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. We have performed such tests as I deemed necessary to provide evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2000 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Charlene Nelson

Central Butte, Saskatchewan
October, 2000

Charlene Nelson, Accountant

*Irrigation Makes Saskatchewan Grow!*

SIPA

# Saskatchewan Irrigation Projects Association

## Statement of Financial Position

As at March 31, 2000

### ASSETS

| | 2000 | 1999 |
|---|---|---|
| Current Assets | | |
| Cash | 16378 | 22345 |
| Accounts receivable | 565 | 11 |
| | 16943 | 22356 |

### LIABILITIES AND SURPLUS

| | 2000 | 1999 |
|---|---|---|
| Current Liabilities | | |
| Accounts payable | 6166 | 7601 |
| Surplus | 10777 | 14755 |
| | 16943 | 22356 |

Directors: Sandra Bathgate

SIPA

## Saskatchewan Irrigation Projects Association

### STATEMENT OF OPERATIONS

For the period ended March 31, 2000

| | 2000 | 1999 |
|---|---|---|
| Income | | |
| Membership fees - full (note 1) | 5572 | 4365 |
| Membership fees - associate | 302 | 200 |
| Donations and Grants (note 2) | 0 | 5000 |
| Annual conference - registration | 1565 | 1060 |
| Annual conference - sponsors | 1400 | 775 |
| Annual conference - display | 875 | 375 |
| Promotions | 80 | 18 |
| | 9794 | 11793 |
| Expenses | | |
| Administration | 3073 | 3066 |
| Administration - phone | 788 | 779 |
| Conference | 2239 | 2113 |
| Meeting - mileage | 3251 | 3923 |
| Meeting - per diems | 3690 | 4365 |
| Meeting - expenditures | 533 | 767 |
| Promotion - signage | 45 | 0 |
| Promotion | 153 | 0 |
| | 13772 | 15013 |
| Surplus for the period | -3978 | -3220 |
| Surplus beginning of period | 14755 | 17975 |
| Surplus, end of year | 10777 | 14755 |

SIPA

# Saskatchewan Irrigation Projects Association

## Notes to the Financial Statements
March 31, 2000

### 1. Purpose

Saskatchewan Irrigation Projects Association (SIPA) became a reality in 1996 with the passing of the *Irrigation Act, 1996*. SIPA is to provide a focus group capable of coordinating, directing and participating in activities related to irrigation policy development, program implementation, research and demonstration prioritization, economic development initiatives, and public relations to promote and foster irrigation development in our province. We are to provide a common voice for issues concerning irrigators.

### 2. Memberships

Membership is open to all irrigators in the province, either as projects or individuals in the business of serving irrigators.

a) Currently full membership, according to the bylaws, is restricted to provincial and federal irrigation districts. Each member Irrigation District is entitled to one voting delegate per 5,000 irrigated acres or part thereof.

b) Associated memberships shall be granted at the discretion of the Board to individual irrigators and private corporations who have an interest in irrigation activities and other third parties who wish to participate in SIPA.

### 3. Donations and Grants

Included in Grants and donations in 1998 was a grant of $20,000 from Sask Water Corporation of which a minimum of $5000 shall be spent by SIPA on promoting irrigation in Saskatchewan through an effective communication strategy. The term of the agreement shall be from January 1, 1997 to December 31, 2002.